

[COMMITTEE PRINT]

MARCH 27, 2003

(Showing the Text of H.R. 1261 as Reported by the Committee on Education and the Workforce)

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Workforce Reinvest-
3 ment and Adult Education Act of 2003”.

4 SEC. 2. TABLE OF CONTENTS.

5 The table of contents for this Act is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.
- Sec. 3. References.

TITLE I—AMENDMENTS TO TITLE I OF THE WORKFORCE INVESTMENT ACT OF 1998

- Sec. 101. Definitions.
- Sec. 102. Purpose.
- Sec. 103. State workforce investment boards.
- Sec. 104. State plan.
- Sec. 105. Local workforce investment areas.
- Sec. 106. Local workforce investment boards.
- Sec. 107. Local plan.
- Sec. 108. Establishment of one-stop delivery systems.
- Sec. 109. Eligible providers of training services.
- Sec. 110. Eligible providers of youth activities.
- Sec. 111. Youth activities.
- Sec. 112. Comprehensive program for adults.
- Sec. 113. Performance accountability system.
- Sec. 114. Authorization of appropriations.
- Sec. 115. Job Corps.
- Sec. 116. Native American programs.
- Sec. 117. Youth challenge grants.
- Sec. 118. Technical assistance.
- Sec. 119. Demonstration, pilot, multiservice, research and multistate projects.
- Sec. 120. Evaluations.
- Sec. 121. Authorization of appropriations for national activities.
- Sec. 122. Requirements and restrictions.
- Sec. 123. Nondiscrimination.
- Sec. 124. Administrative provisions.
- Sec. 125. General program requirements.

TITLE II—ADULT EDUCATION

PART A—ADULT BASIC SKILLS AND FAMILY LITERACY EDUCATION

- Sec. 201. Table of contents.
- Sec. 202. Amendment.

PART B—NATIONAL INSTITUTE FOR LITERACY

- Sec. 211. Short title; purpose.
- Sec. 212. Establishment.
- Sec. 213. Administration.
- Sec. 214. Duties.
- Sec. 215. Leadership in scientifically based reading instruction.
- Sec. 216. National Institute for Literacy Advisory Board.
- Sec. 217. Gifts, bequests, and devises.
- Sec. 218. Mails.
- Sec. 219. Applicability of certain civil service laws.
- Sec. 220. Experts and consultants.
- Sec. 221. Report.
- Sec. 222. Definitions.
- Sec. 223. Authorization of appropriations.
- Sec. 224. Reservation.
- Sec. 225. Authority to publish.

TITLE III—AMENDMENTS TO THE WAGNER-PEYSER ACT

- Sec. 301. Amendments to the Wagner-Peyser Act.

TITLE IV—AMENDMENTS TO THE REHABILITATION ACT OF 1973

- Sec. 401. Chairperson.
- Sec. 402. Rehabilitation Services Administration.
- Sec. 403. Director.
- Sec. 404. State goals.
- Sec. 405. Authorizations of appropriations.
- Sec. 406. Helen Keller National Center Act.

TITLE V—TRANSITION AND EFFECTIVE DATE

- Sec. 501. Transition provisions.
- Sec. 502. Effective date.

1 **SEC. 3. REFERENCES.**

2 Except as otherwise expressly provided, wherever in
3 this Act an amendment or repeal is expressed in terms
4 of an amendment to, or repeal of, a section or other provi-
5 sion, the amendment or repeal shall be considered to be
6 made to a section or other provision of the Workforce In-
7 vestment Act of 1998 (20 U.S.C. 9201 et seq.).

1 **TITLE I—AMENDMENTS TO**
2 **TITLE I OF THE WORKFORCE**
3 **INVESTMENT ACT OF 1998**

4 **SEC. 101. DEFINITIONS.**

5 Section 101 (29 U.S.C. 2801) is amended—

6 (1) in paragraph (8)(C), by striking “not less
7 than 50 percent of the cost of training” and insert-
8 ing “a significant portion of the cost of training, as
9 determined by the local board”;

10 (2) by striking paragraph (13) and redesignig-
11 nating paragraphs (1) through (12) as paragraphs
12 (2) through (13) respectively;

13 (3) by inserting the following new paragraph
14 after “In this title.”:

15 “(1) ACCRUED EXPENDITURES.—The term ‘ac-
16 crued expenditures’ includes the sum of actual cash
17 disbursements for direct charges for goods and serv-
18 ices, the net increase or decrease in the amounts
19 owed by recipients, goods and other property re-
20 ceived for services performed by employees, contrac-
21 tors, subgrantees, or other payees, and other
22 amounts becoming owned for which no current serv-
23 ice or performance is required.”;

1 (4) by striking paragraph (24) and redesignig-
2 nating paragraphs (25) through (32) as paragraphs
3 (24) through (31), respectively;

4 (5) in paragraph (24) (as so redesignated)—

5 (A) in subparagraph (B), by striking
6 “higher of—” and all that follows and inserting
7 “poverty line for an equivalent period.”; and

8 (B) by redesignating subparagraphs (D)
9 through (F) as subparagraph (E) through (G),
10 respectively, and inserting after subparagraph
11 (C) the following:

12 “(D) receives or is eligible to receive free
13 or reduced price lunch;” and

14 (6) by striking paragraph (33) and redesignig-
15 nating paragraphs (34) through (53) as paragraphs
16 (32) through (51), respectively.

17 **SEC. 102. PURPOSE.**

18 Section 106 (29 U.S.C. 2811) is amended to insert
19 the following sentence after the period: “It is also the pur-
20 pose of this subtitle to provide workforce investment ac-
21 tivities in a manner that promotes the informed choice of
22 participants and actively involves participants in decisions
23 affecting their participation in such activities.”.

24 **SEC. 103. STATE WORKFORCE INVESTMENT BOARDS.**

25 (a) MEMBERSHIP.—

1 (1) IN GENERAL.—Section 111(b) (29 U.S.C.
2 2821(b)) is amended—

3 (A) by amending paragraph (1)(C) to read
4 as follows:

5 “(C) “representatives appointed by the
6 Governor, who are—

7 “(i)(I) the lead State agency officials
8 with responsibility for the programs and
9 activities that are described in section
10 121(b) and carried out by one-stop part-
11 ners;

12 “(II) in any case in which no lead
13 State agency official has responsibility for
14 such a program or activity, a representa-
15 tive in the State with expertise relating to
16 such program or activity; and

17 “(III) if not included under subclause
18 (I), the director of the designated State en-
19 tity responsible for carrying out title I of
20 the Rehabilitation Act (29 U.S.C. 701 et
21 seq.);

22 “(ii) “the State agency officials re-
23 sponsible for economic development;

24 “(iii) representatives of business in
25 the State who—

1 “(I) are owners of businesses,
2 chief executive or operating officers of
3 businesses, and other business execu-
4 tives or employers with optimum pol-
5 icy making or hiring authority, includ-
6 ing members of local boards described
7 in section 117(b)(2)(A)(i);

8 “(II) represent businesses with
9 employment opportunities that reflect
10 employment opportunities in the
11 State; and

12 “(III) are appointed from among
13 individuals nominated by State busi-
14 ness organizations and business trade
15 associations;

16 “(iv) chief elected officials (rep-
17 resenting both cities and counties, where
18 appropriate);

19 “(v) representatives of labor organiza-
20 tions, who have been nominated by State
21 labor federations; and

22 “(vi) such other representatives and
23 State agency officials as the Governor may
24 designate.”; and

1 (B) in paragraph (3), by striking “para-
2 graph (1)(C)(i)” and inserting “paragraph
3 (1)(C)(iii)”.

4 (2) CONFORMING AMENDMENT.—Section
5 111(c) (29 U.S.C 2811(c)) is amended by striking
6 “section (b)(1)(C)(i)” and inserting “section
7 (b)(1)(C)(iii)”.

8 (b) FUNCTIONS.—Section 111(d) (29 U.S.C.
9 2811(d)) is amended—

10 (1) by amending paragraph (3) to read as fol-
11 lows:

12 “(3) development and review of statewide poli-
13 cies affecting the integrated provision of services
14 through the one-stop delivery system described in
15 section 121, including—

16 “(A) the development of criteria for, and
17 the issuance of, certifications of one-stop cen-
18 ters;

19 “(B) the criteria for the allocation of one-
20 stop center infrastructure funding under section
21 121(h), and oversight of the use of such funds;

22 “(C) approaches to facilitating equitable
23 and efficient cost allocation in one-stop delivery
24 systems; and

1 “(D) such other matters that may promote
2 statewide objectives for, and enhance the per-
3 formance of, one-stop delivery systems within
4 the State;”;

5 (2) in paragraph (4), by inserting “and the de-
6 velopment of State criteria relating to the appoint-
7 ment and certification of local boards under section
8 117” after “section 116”;

9 (3) in paragraph (5), by striking “sections
10 128(b)(3)(B) and 133(b)(3)(B)” and inserting “sec-
11 tions 128(b)(3) and 133(b)(3)”;

12 (4) in paragraph (9), by striking “section 503”
13 and inserting “section 136(i)”.

14 (c) **ELIMINATION OF ALTERNATIVE ENTITY AND**
15 **PROVISION OF AUTHORITY TO HIRE STAFF.**—Section
16 111(e) (29 U.S.C. 2811(e)) is amended to read as follows:

17 “(e) **AUTHORITY TO HIRE STAFF.**—The State board
18 may hire staff to assist in carrying out the functions de-
19 scribed in subsection (d).”.

20 **SEC. 104. STATE PLAN.**

21 (a) **PLANNING CYCLE.**—Section 112(a) (29 U.S.C.
22 2822(a)) is amended by striking “5-year strategy” and in-
23 serting “2-year strategy”.

24 (b) **CONTENTS.**—Section 112(b)(17)(A) (29 U.S.C.
25 2822(b)(17)(A)) is amended—

1 (1) in clause (iii) by striking “and”;

2 (2) by amending clause (iv) to read as follows:

3 “(iv) how the State will serve the em-
4 ployment and training needs of dislocated
5 workers (including displaced homemakers
6 and formerly self-employed and
7 transitioning farmers, ranchers, and fisher-
8 man) low income individuals (including re-
9 cipients of public assistance), homeless in-
10 dividuals, ex-offenders, individuals training
11 for nontraditional employment, and other
12 individuals with multiple barriers to em-
13 ployment (including older individuals);

14 (3) by adding the following new clause after
15 clause (iv):

16 “(v) how the State will serve the em-
17 ployment and training needs of individuals
18 with disabilities, consistent with section
19 188 and Executive Order 13217 (relating
20 to community-based alternatives for indi-
21 viduals with disabilities) including the pro-
22 vision of outreach, intake, assessments,
23 and service delivery, the development of
24 performance measures, and the training of
25 staff; and”.

1 (c) MODIFICATION TO PLAN.—Section 112(d) (29
2 U.S.C. 2822(d)) is amended by striking “5-year period”
3 and inserting “2-year period”.

4 **SEC. 105. LOCAL WORKFORCE INVESTMENT AREAS.**

5 (a) DESIGNATION OF AREAS.—

6 (1) CONSIDERATIONS.—Section 116(a)(1)(B)
7 (29 U.S.C. 2831(a)(1)(B)) is amended by adding at
8 the end the following clause:

9 “(vi) The extent to which such local
10 areas will promote efficiency in the admin-
11 istration and provision of services.”.

12 (2) AUTOMATIC DESIGNATION.—Section
13 116(a)(2) (29 U.S.C. 2831(a)(2)) is amended to
14 read as follows:

15 “(2) AUTOMATIC DESIGNATION.—

16 “(A) IN GENERAL.—Except as provided in
17 subparagraph (B) of this paragraph and sub-
18 section (b), the Governor shall approve a re-
19 quest for designation as a local area from—

20 “(i) any unit of general local govern-
21 ment with a population of 500,000 or
22 more; and

23 “(ii) an area served by a rural con-
24 centrated employment program grant re-
25 cipient that served as a service delivery

1 area or substate area under the Job train-
2 ing Partnership Act (29 U.S.C. 1501 et
3 seq.),
4 for the 2-year period covered by a State plan
5 under section 112 if such request is made not
6 later than the date of the submission of the
7 State plan.

8 “(B) CONTINUED DESIGNATION BASED ON
9 PERFORMANCE.—The Governor may deny a re-
10 quest for designation submitted pursuant to
11 subparagraph (A) if such unit of government
12 was designated as a local area for the preceding
13 2-year period covered by a State plan and the
14 Governor determines that such local area did
15 not perform successfully during such period.”.

16 (b) REGIONAL PLANNING.—Section 116(c)(1) (29
17 U.S.C. 2831(c)(1)) is amended by adding at the end the
18 following: “The State may require the local boards for the
19 designated region to prepare a single regional plan that
20 incorporates the elements of the local plan under section
21 118 and that is submitted and approved in lieu of separate
22 local plans under such section.”.

23 **SEC. 106. LOCAL WORKFORCE INVESTMENT BOARDS.**

24 (a) COMPOSITION.—Section 117(b)(2)(A) (29 U.S.C.
25 2832(b)(2)(A)) is amended—

1 (1) in clause (i)(II), by inserting “, businesses
2 that are in the leading industries in the local area,
3 and large and small businesses in the local area”
4 after “local area”;

5 (2) by amending clause (ii) to read as follows:

6 “(ii) superintendents of the local sec-
7 ondary school systems and the presidents
8 or chief executive officers of postsecondary
9 educational institutions (including commu-
10 nity colleges, where such entities exist);”;

11 (3) in clause (iv), by striking the semicolon and
12 inserting “and faith-based organizations; and”; and

13 (4) by striking clause (vi).

14 (b) AUTHORITY OF BOARD MEMBERS.—Section
15 117(b)(3) (29 U.S.C. 2832(b) is amended—

16 (1) in the heading, by inserting “AND REP-
17 RESENTATION” after “MEMBERS”; and

18 (2) by adding at the end the following: “The
19 members of the board shall represent diverse geo-
20 graphic sections within the local area.”.

21 (c) FUNCTIONS.—Section 117(d) (29 U.S.C.
22 2832(d)) is amended—

23 (1) in paragraph (2)(B), by striking “local
24 area” and all that follows and inserting “local
25 area.”;

1 (2) in paragraph (3)(B)(i)(I), by striking “sec-
2 tions 128 and 133” and inserting “sections 128 and
3 133”; and

4 (3) in paragraph (4) by inserting “and ensure
5 the appropriate use and management of the funds
6 provided under this title for such programs, activi-
7 ties, and system” after “area”.

8 (d) AUTHORITY TO ESTABLISH COUNCILS AND
9 ELIMINATION OF REQUIREMENT FOR YOUTH COUN-
10 CILS.—Section 117(h) (29 U.S.C. 2832(h)) is amended to
11 read as follows:

12 “(h) ESTABLISHMENT OF COUNCILS.—The local
13 board may establish councils to provide information and
14 advice to assist the local board in carrying out activities
15 under this title. Such councils may include a council com-
16 posed of one-stop partners to advise the local board on
17 the operation of the one-stop delivery system, a youth
18 council composed of experts and stakeholders in youth
19 programs to advise the local board on activities for youth,
20 and such other councils as the local board determines are
21 appropriate.”.

22 (e) REPEAL OF ALTERNATIVE ENTITY PROVISION.—
23 Section 117 (29 U.S.C. 2832) is further amended by strik-
24 ing subsection (i).

1 **SEC. 107. LOCAL PLAN.**

2 (a) **PLANNING CYCLE.**—Section 118(a) (29 U.S.C.
3 2833(a)) is amended by striking “5-year” and inserting
4 “2-year”.

5 (b) **CONTENTS.**—Section 118(b) (29 U.S.C. 2833(b))
6 is amended—

7 (1) by amending paragraph (2) to read as fol-
8 lows:

9 “(2) a description of the one-stop delivery sys-
10 tem to be established or designated in the local area,
11 including a description of how the local board will
12 ensure the continuous improvement of eligible pro-
13 viders of services through the system and ensure
14 that such providers meets the employment needs of
15 local employers and participants.”; and

16 (2) in paragraph (4), by striking “and dis-
17 located worker”.

18 **SEC. 108. ESTABLISHMENT OF ONE-STOP DELIVERY SYS-**
19 **TEMS.**

20 (a) **ONE-STOP PARTNERS.**—Section 121(b)(2)(B)
21 (29 U.S.C. 2841(b)(2)(B)) is amended—

22 (1) in clause (iv) by striking “and” at the end;

23 (2) in clause (v) by striking the period and in-
24 serting a semicolon; and

25 (3) by adding at the end the following new
26 clauses:

1 “(vi) employment and training pro-
2 grams administered by the Social Security
3 Administration, including the Ticket to
4 Work program (established by Public Law
5 106–170);

6 “(vii) programs under part D of title
7 IV of the Social Security Act (42 U.S.C.
8 451 et seq.) (relating to child support en-
9 forcement); and

10 “(viii) programs carried out in the
11 local area for individuals with disabilities,
12 including programs carried out by State
13 agencies relating to mental health, mental
14 retardation, and developmental disabilities,
15 State Medicaid agencies, State Inde-
16 pendent Living Councils, and Independent
17 Living Centers.”.

18 (b) PROVISION OF SERVICES.—Subtitle B of title I
19 is amended—

20 (1) by striking subsection (e) of section 121;

21 (2) by moving subsection (c) of section 134
22 from section 134, redesignating such subsection as
23 subsection (e), and inserting such subsection (as so
24 redesignated) after subsection (d) of section 121;
25 and

1 (3) by amending subsection (e) (as moved and
2 redesignated by paragraph (2))—

3 (A) in paragraph (1)(A), by striking “sub-
4 section (d)(2)” and inserting “section
5 134(c)(2)”;

6 (B) in paragraph (1)(B)—

7 (i) by striking “subsection (d)” and
8 inserting “section 134(c)”; and

9 (ii) by striking “subsection (d)(4)(G)”
10 and inserting “section 134(c)(4)(G)”;

11 (C) in paragraph (1)(C), by striking “sub-
12 section (e)” and inserting “section 134(d)”;

13 (D) in paragraph (1)(D)—

14 (i) by striking “section 121(b)” and
15 inserting “subsection (b)”; and

16 (ii) by striking “and” at the end; and

17 (E) by amending paragraph (1)(E) to read
18 as follows:

19 “(E) shall provide access to the informa-
20 tion described in section 15(e) of the Wagner-
21 Peyser Act (29 U.S.C. 49l-2(e)); and”.

22 (c) CERTIFICATION AND FUNDING OF ONE-STOP
23 CENTERS.—Section 121 (as amended by subsection (b))
24 is further amended by adding at the end the following new
25 subsections:

1 “(g) CERTIFICATION OF ONE-STOP CENTERS.—

2 “(1) IN GENERAL.—The State board shall es-
3 tablish procedures and criteria for periodically certi-
4 fying one-stop center for the purpose of awarding
5 the one-stop infrastructure funding described in sub-
6 section (h).

7 “(2) CRITERIA.—The criteria for certification
8 under this subsection shall include minimum stand-
9 ards relating to the scope and degree of service inte-
10 gration achieved by the centers involving the pro-
11 grams provided by the one-stop partners.

12 “(3) EFFECT OF CERTIFICATION.—One-stop
13 centers certified under this subsection shall be eligi-
14 ble to receive the infrastructure grants authorized
15 under subsection (h).

16 “(h) ONE-STOP INFRASTRUCTURE FUNDING.—

17 “(1) PARTNER CONTRIBUTIONS.—

18 “(A) PROVISION OF FUNDS.—Notwith-
19 standing any other provision of law, as deter-
20 mined under subparagraph (B), a portion of the
21 Federal funds provided to the State and areas
22 within the State under the Federal laws author-
23 izing the one-stop partner programs described
24 in subsection (b) for a fiscal year shall be pro-

1 vided to the Governor by such programs to
2 carry out this subsection.

3 “(B) DETERMINATION.—The portion of
4 funds to be provided under subparagraph (A)
5 by each one-stop partner shall be determined by
6 the Governor, after consultation with the State
7 board.

8 “(2) ALLOCATION BY GOVERNOR.—From the
9 funds provided under paragraph (1), the Governor
10 shall allocate funds to local areas for the purposes
11 of assisting in paying the costs of the infrastructure
12 of One-Stop centers certified under subsection (g).

13 “(3) ALLOCATION FORMULA.—The State board
14 shall develop a formula to be used by the Governor
15 to allocate the funds described in paragraph (1).
16 The formula shall include such factors as the State
17 board determines are appropriate, which may in-
18 clude factors such as the number of centers in the
19 local area that have been certified, the population
20 served by such centers, and the performance of such
21 centers.

22 “(4) COSTS OF INFRASTRUCTURE.—For pur-
23 poses of this subsection, the term ‘costs of infra-
24 structure’ means the nonpersonnel costs that are
25 necessary for the general operation of a one-stop

1 center, including the rental costs of the facilities, the
2 costs of utilities and maintenance, equipment (in-
3 cluding adaptive technology for individuals with dis-
4 abilities), strategic planning activities for the center,
5 and common outreach activities.

6 “(i) OTHER FUNDS.—

7 “(1) IN GENERAL.—In addition to the funds
8 provided to carry out subsection (h), a portion of
9 funds made available under Federal law authorizing
10 the one-stop partner programs described in sub-
11 section (b) shall be used to pay the costs relating to
12 the operation of the one-stop delivery system that
13 are not paid for from the funds provided under sub-
14 section (h), to the extent not inconsistent with the
15 Federal law involved including—

16 “(A) infrastructure costs that are in excess
17 of the funds provided under subsection (h);

18 “(B) common costs that are in addition to
19 the costs of infrastructure; and

20 “(C) the costs of the provision of core serv-
21 ices applicable to each program.

22 “(2) DETERMINATION AND GUIDANCE.—The
23 method for determining the appropriate portion of
24 funds to be provided by each program under para-
25 graph (1) shall be determined as part of the memo-

1 random of understanding under subsection (c). The
2 State board shall provide guidance to facilitate the
3 determination of appropriate funding allocation in
4 local areas.”.

5 **SEC. 109. ELIGIBLE PROVIDERS OF TRAINING SERVICES.**

6 Section 122 (29 U.S.C. 2842) is amended to read as
7 follows:

8 **“SEC. 122. IDENTIFICATION OF ELIGIBLE PROVIDERS OF**
9 **TRAINING SERVICES.**

10 “(a) IN GENERAL.—The Governor shall establish cri-
11 teria and procedures regarding the eligibility of providers
12 of training services described in section 134(c)(4) to re-
13 ceive funds provided under section 133(b) for the provision
14 of such training services.

15 “(b) CRITERIA.—

16 “(1) IN GENERAL.—The criteria established
17 pursuant to subsection (a) shall take into account
18 the performance of providers of training services
19 with respect to the indicators described in section
20 136 or other appropriate indicators (taking into con-
21 sideration the characteristics of the population
22 served and relevant economic conditions), and such
23 other factors as the Governor determines are appro-
24 priate to ensure the quality of services, the account-
25 ability of providers, and the informed choice of par-

1 ticipants under chapter 5. Such criteria shall require
2 that the provider submit appropriate, accurate and
3 timely information to the State for purposes of car-
4 rying out subsection (d). The criteria shall also pro-
5 vide for periodic review and renewal of eligibility
6 under this section for providers of training services.
7 The Governor may authorize local areas in the State
8 to establish additional criteria or to modify the cri-
9 teria established by the Governor under this section
10 for purposes of determining the eligibility of pro-
11 viders of training services to provide such services in
12 the local area.

13 “(2) LIMITATION.—In carrying out the require-
14 ments of this subsection, no personally identifiable
15 information regarding a student, including Social
16 Security number, student identification number, or
17 other identifier, may be disclosed without the prior
18 written consent of the parent or eligible student in
19 compliance with section 444 of the General Edu-
20 cation Provisions Act (20 U.S.C. 1232g).

21 “(c) PROCEDURES.—The procedures established
22 under subsection (a) shall identify the application process
23 for a provider of training services to become eligible to
24 receive funds under section 133(b), and identify the re-
25 spective roles of the State and local areas in receiving and

1 reviewing applications and in making determinations of
2 eligibility based on the criteria established under this sec-
3 tion. The procedures shall also establish a process for a
4 provider of training services to appeal a denial or termi-
5 nation of eligibility under this section that includes an op-
6 portunity for a hearing and prescribes appropriate time
7 limits to ensure prompt resolution of the appeal.

8 “(d) INFORMATION TO ASSIST PARTICIPANTS IN
9 CHOOSING PROVIDERS.—In order to facilitate and assist
10 participants under chapter 5 in choosing providers of
11 training services, the Governor shall ensure that an appro-
12 priate list or lists of providers determined eligible under
13 this section in the State, accompanied by such information
14 as the Governor determines is appropriate, is provided to
15 the local boards in the State to be made available to such
16 participants and to members of the public through the
17 one-stop delivery system in the State.

18 “(e) AGREEMENTS WITH OTHER STATES.—States
19 may enter into agreements, on a reciprocal basis, to per-
20 mit eligible providers of training services to accept indi-
21 vidual training accounts provided in another State.

22 “(f) RECOMMENDATIONS.—In developing the criteria,
23 procedures, and information required under this section,
24 the Governor shall solicit and take into consideration the

1 recommendations of local boards and providers of training
2 services within the State.

3 “(g) OPPORTUNITY TO SUBMIT COMMENTS.—During
4 the development of the criteria, procedures, and informa-
5 tion required under this section, the Governor shall pro-
6 vide an opportunity for interested members of the public,
7 including representatives of business and labor organiza-
8 tions, to submit comments regarding such criteria, proce-
9 dures, and information.”.

10 **SEC. 110. ELIGIBLE PROVIDERS OF YOUTH ACTIVITIES.**

11 Section 123 (29 U.S.C. 2843) and the item relating
12 to such section in the table of contents are repealed.

13 **SEC. 111. YOUTH ACTIVITIES.**

14 (a) STATE ALLOTMENTS.—

15 (1) IN GENERAL.—Section 127(a) (29 U.S.C.
16 2852(a)) is amended to read as follows:

17 “(a) ALLOTMENT AMONG STATES.—

18 “(1) YOUTH ACTIVITIES.—

19 “(A) YOUTH CHALLENGE GRANTS.—

20 “(i) RESERVATION OF FUNDS.—Of
21 the amount appropriated under section
22 137(a) for each fiscal year, the Secretary
23 shall reserve 25 percent to provide youth
24 challenge grants under section 169.

1 “(ii) LIMITATION.—Notwithstanding
2 clause (i), if the amount appropriated
3 under section 137(a) for a fiscal year ex-
4 ceeds \$1,000,000,000, the Secretary shall
5 reserve \$250,000,000 to provide youth
6 challenge grants under section 169.

7 “(B) OUTLYING AREAS AND NATIVE AMER-
8 ICANS.—After determining the amount to be re-
9 served under subparagraph (A), of the remain-
10 der of the amount appropriated under section
11 137(a) for each fiscal year the Secretary
12 shall—

13 “(i) reserve not more than $\frac{1}{4}$ of one
14 percent of such amount to provide assist-
15 ance to the outlying areas to carry out
16 youth activities and statewide workforce in-
17 vestment activities; and

18 “(ii) reserve not more than 1 and $\frac{1}{2}$
19 percent of such amount to provide youth
20 activities under section 166 (relating to
21 Native Americans).

22 “(C) STATES.—

23 “(i) IN GENERAL.—After determining
24 the amounts to be reserved under subpara-
25 graphs (A) and (B), the Secretary shall

1 allot the remainder of the amount appro-
2 priated under section 137(a) for each fiscal
3 year to the States pursuant to clause (ii)
4 for youth activities and statewide work-
5 force investment activities.

6 “(ii) FORMULA.—Subject to clauses
7 (iii) and (iv), of the remainder—

8 “(I) 33 and $\frac{1}{3}$ percent shall be
9 allotted on the basis of the relative
10 number of high school dropouts who
11 are ages 16 through 21 in the State,
12 compared to the total number of high
13 school dropouts who are ages 16
14 through 21 in all States;

15 “(II) 33 and $\frac{1}{3}$ percent shall be
16 allotted on the basis of the relative
17 number of jobless out-of-school youth
18 who are ages 16 through 21 in the
19 State, compared to the total number
20 of jobless out-of-school youth who are
21 ages 16 through 21 in all States; and

22 “(III) 33 and $\frac{1}{3}$ percent shall be
23 allotted on the basis of the relative
24 number of disadvantaged youth who
25 are ages 16 through 21 in the State,

1 compared to the total number of dis-
2 advantaged youth who are ages 16
3 through 21 in all States.

4 “(iii) MINIMUM AND MAXIMUM PER-
5 CENTAGES.—The Secretary shall ensure
6 that no State shall receive an allotment for
7 a fiscal year that is less than 90 percent
8 or greater than 130 percent of the allot-
9 ment percentage of that State for the pre-
10 ceding fiscal year.

11 “(iv) SMALL STATE MINIMUM ALLOT-
12 MENT.—Subject to clause (iii), the Sec-
13 retary shall ensure that no State shall re-
14 ceive an allotment under this paragraph
15 that is less than $\frac{3}{10}$ of 1 percent of the
16 amount available under subparagraph (A).

17 “(2) DEFINITIONS.—For the purposes of para-
18 graph (1), the following definitions apply:

19 “(A) ALLOTMENT PERCENTAGE.—The
20 term ‘allotment percentage’, used with respect
21 to fiscal year 2004 or a subsequent fiscal year,
22 means a percentage of the remainder described
23 in paragraph (1)(C)(i) that is received through
24 an allotment made under this subsection for the
25 fiscal year. The term, with respect to fiscal year

1 2003, means the percentage of the amounts al-
2 lotted to States under this chapter (as in effect
3 on the day before the date of enactment of the
4 Workforce Reinvestment and Adult Education
5 Act of 2003) that is received by the State in-
6 volved for fiscal year 2003.

7 “(B) DISADVANTAGED YOUTH.—The term
8 ‘disadvantaged youth’ means an individual who
9 is age 16 through 21 who received an income,
10 or is a member of a family that received a total
11 family income, that, in relation to family size,
12 does not exceed the poverty line.

13 “(C) NUMBER OF HIGH SCHOOL DROP-
14 OUTS.—The term ‘number of high school drop-
15 outs’ means the number of high school dropouts
16 as is determined by the Secretary based on the
17 Current Population Survey.

18 “(D) NUMBER OF JOBLESS OUT-OF-
19 SCHOOL YOUTH.—The term ‘number of jobless
20 out-of-school youth’ means the number of job-
21 less out-of-school youth as is determined by the
22 Secretary based on the Current Population Sur-
23 vey.

24 “(3) SPECIAL RULE.—For purposes of the for-
25 mula specified in paragraph (1)(C), the Secretary

1 shall, as appropriate and to the extent practicable,
2 exclude college students and members of the Armed
3 Forces from the determination of the number of dis-
4 advantaged youth.

5 “(4) MINIMUM ALLOTMENT.—Notwithstanding
6 any other provision of this section, no State shall re-
7 ceive an allotment under this section that is less
8 than the amount received by such State for fiscal
9 year 2003.”.

10 (2) REALLOTMENT.—Section 127 (29 U.S.C.
11 2552) is further amended—

12 (A) by striking subsection (b);

13 (B) by redesignating subsection (c) as sub-
14 section (b);

15 (C) in subsection (b) (as so redesignated)

16 (i) by amending paragraph (2) to read
17 as follows:

18 “(2) AMOUNT.—The amount available for real-
19 lotment for a program year is equal to the amount
20 by which the unexpended balance, excluding accrued
21 expenditures, at the end of such program year of the
22 total amount of funds available to the State under
23 this section during such program year (including
24 amounts allotted to the State in prior program years
25 that remain available during the program year for

1 which the determination is made) exceeds 30 percent
2 of such total amount.”;

3 (ii) in paragraph (3)—

4 (I) by striking “for the prior pro-
5 gram year” and inserting “for the
6 program year in which the determina-
7 tion is made”; and

8 (II) by striking “such prior pro-
9 gram year” and inserting “such pro-
10 gram year”;

11 (iii) by amending paragraph (4) to read as
12 follows:

13 “(4) ELIGIBILITY.—For purposes of this sub-
14 section, an eligible State means a State which does
15 not have an amount available for reallocation under
16 paragraph (2) for the program year for which the
17 determination under paragraph (2) is made.”.

18 (b) WITHIN STATE ALLOCATIONS.—

19 (1) RESERVATION FOR STATEWIDE ACTIVI-
20 TIES.—Section 128(a) is amended to read as follows:

21 “(a) RESERVATION FOR STATEWIDE ACTIVITIES.—

22 “(1) IN GENERAL.—The Governor of a State
23 shall reserve not more than 10 percent of the
24 amount allotted to the State under section

1 127(a)(1)(C) for a fiscal year for statewide activi-
2 ties.

3 “(2) USE OF FUNDS.—Regardless of whether
4 the amounts are allotted under section 127(a)(1)(C)
5 and reserved under paragraph (1) or allotted under
6 section 132 and reserved under section 133(a), the
7 Governor may use the reserved amounts to carry out
8 statewide youth activities under section 129(b) or
9 statewide employment and training activities under
10 section 133.”.

11 (2) WITHIN STATE ALLOCATION.—Section
12 128(b) is amended to read as follows:

13 “(b) WITHIN STATE ALLOCATION.—

14 “(1) IN GENERAL.—Of the amounts allotted to
15 the State under section 127(a)(1)(C) and not re-
16 served under subsection (a)(1)—

17 “(A) 80 percent of such amounts shall be
18 allocated by the Governor to local areas in ac-
19 cordance with paragraph (2); and

20 “(B) 20 percent of such amounts shall be
21 allocated by the Governor to local areas in ac-
22 cordance with paragraph (3).

23 “(2) ESTABLISHED FORMULA.—

1 “(A) IN GENERAL.—Of the amounts de-
2 scribed in paragraph (1)(A), the Governor shall
3 allocate—

4 “(i) 33 and $\frac{1}{3}$ percent on the basis of
5 the relative number of high school drop-
6 outs who are ages 16 through 21 in each
7 local area, compared to the total number of
8 high school dropouts who are ages 16
9 through 21 in all local areas in the State;

10 “(ii) 33 and $\frac{1}{3}$ percent on the basis
11 of the relative number of jobless out-of-
12 school youth who are ages 16 through 21
13 in each local area, compared to the total
14 number of jobless out-of-school youth who
15 are ages 16 through 21 in all local areas
16 in the State; and

17 “(iii) 33 and $\frac{1}{3}$ percent on the basis
18 of the relative number of disadvantaged
19 youth who are ages 16 through 21 in each
20 local area, compared to the total number of
21 disadvantaged youth who are ages 16
22 through 21 in all local areas in the State.

23 “(B) MINIMUM AND MAXIMUM PERCENT-
24 AGES.—The Governor shall ensure that no local
25 area shall receive an allocation for a fiscal year

1 under this paragraph that is less than 90 per-
2 cent or greater than 130 percent of the alloca-
3 tion percentage of the local area for the pre-
4 ceding fiscal year.

5 “(C) DEFINITIONS.—

6 “(i) ALLOCATION PERCENTAGE.—For
7 purposes of this paragraph, the term ‘allo-
8 cation percentage’, used with respect to fis-
9 cal year 2004 or a subsequent fiscal year,
10 means a percentage of amount described in
11 paragraph(1)(A) that is received through
12 an allocation made under this paragraph
13 for the fiscal year. The term, with respect
14 to fiscal year 2003, means the percentage
15 of the amounts allocated to local areas
16 under this chapter (as in effect on the day
17 before the date of enactment of the Work-
18 force Investment Act Amendments of
19 2003) that is received by the local area in-
20 volved for fiscal year 2003.

21 “(ii) OTHER TERMS.—For purposes of
22 this paragraph, all other terms shall have
23 the meaning given such terms in section
24 127(a)(2).

1 “(3) YOUTH DISCRETIONARY ALLOCATION.—

2 The Governor shall allocate to local areas the
3 amounts described in paragraph (1)(B) in accord-
4 ance with such demographic and economic factors as
5 the Governor, after consultation with the State
6 board and local boards, determines are appropriate.

7 “(4) LOCAL ADMINISTRATIVE COST LIMIT.—

8 “(A) IN GENERAL.—Of the amounts allo-
9 cated to a local area under this subsection and
10 section 133(b) for a fiscal year, not more than
11 10 percent of the amount may be used by the
12 local boards for the administrative costs of car-
13 rying out local workforce investment activities
14 under this chapter or chapter 5.

15 “(B) USE OF FUNDS.—Funds made avail-
16 able for administrative costs under subpara-
17 graph (A) may be used for the administrative
18 costs of any of the local workforce investment
19 activities described in this chapter or chapter 5,
20 regardless of whether the funds were allocated
21 under this subsection or section 133(b).”.

22 (3) REALLOCATION.—Section 128(c) (29
23 U.S.C. 2853(c)) is amended—

24 (A) in paragraph (1), by striking “para-
25 graph (2)(A) of (3) of”;

1 (B) by amending paragraph (2) to read as
2 follows:

3 “(2) AMOUNT.—The amount available for re-
4 allocation for a program year is equal to the amount
5 by which the unexpended balance, excluding accrued
6 expenditures, at the end of such program year of the
7 total amount of funds available to the local area
8 under this section during such program year (includ-
9 ing amounts allotted to the local area in prior pro-
10 gram years that remain available during the pro-
11 gram year for which the determination is made) ex-
12 ceeds 30 percent of such total amount.”;

13 (C) by amending paragraph (3)—

14 (i) by striking “subsection (b)(3)”
15 each place it appears and inserting “sub-
16 section (b)”;

17 (ii) by striking “the prior program
18 year” and inserting “the program year in
19 which the determination is made”;

20 (iii) by striking “such prior year” and
21 inserting “such program year”; and

22 (iv) by striking the last sentence; and

23 (D) by amending paragraph (4) to read as
24 follows:

1 “(4) ELIGIBILITY.—For purposes of this sub-
2 section, an eligible local area means a local area
3 which does not have an amount available for re-
4 allocation under paragraph (2) for the program year
5 for which the determination under paragraph (2) is
6 made.”.

7 (c) YOUTH PARTICIPANT ELIGIBILITY.—Section
8 129(a) (29 U.S.C. 2854(a)) is amended to read as follows:

9 “(a) YOUTH PARTICIPANT ELIGIBILITY.—

10 “(1) IN GENERAL.—The individuals partici-
11 pating in activities carried out under this chapter by
12 a local area during any program year shall be indi-
13 viduals who, at the time the eligibility determination
14 is made, are—

15 “(A) not younger than age 16 or older
16 than age 21; and

17 “(B) one or more of the following:

18 “(i) school dropouts;

19 “(ii) recipients of a secondary school
20 diploma or the General Equivalency Di-
21 ploma (GED) (including recognized alter-
22 native standards for individuals with dis-
23 abilities);

24 “(iii) court-involved youth attending
25 an alternative school;

1 “(iv) youth in foster care or who have
2 been in foster care; or

3 “(v) in school youth who are low-in-
4 come individuals and one or more of the
5 following:

6 “(I) Deficient in literacy skills.

7 “(II) Homeless, runaway, or fos-
8 ter children.

9 “(III) Pregnant or parents.

10 “(IV) Offenders.

11 “(V) Individuals who require ad-
12 ditional assistance to complete an edu-
13 cational program, or to secure and
14 hold employment.

15 “(2) PRIORITY FOR SCHOOL DROPOUTS.—A
16 priority in the provision of services under this chap-
17 ter shall be given to individuals who are school drop-
18 outs.

19 “(3) LIMITATIONS ON ACTIVITIES FOR IN-
20 SCHOOL YOUTH.—

21 “(A) PERCENTAGE OF FUNDS.—For any
22 program year, not more than 30 percent of the
23 funds available for statewide activities under
24 subsection (b), and not more than 30 percent of
25 funds available to local areas under subsection

1 (c), may be used to provide activities for in-
2 school youth meeting the requirements of para-
3 graph (1)(B)(v).

4 “(B) NON-SCHOOL HOURS REQUIRED.—
5 Activities carried out under this chapter for in-
6 school youth meeting the requirements of para-
7 graph (1)(B)(v) shall only be carried out in
8 non-school hours or periods when school is not
9 in session (such as before and after school or
10 during summer recess.”.

11 (d) STATEWIDE YOUTH ACTIVITIES.—Section 129(b)
12 (29 U.S.C. 2854(b)) is amended to read as follows:

13 “(b) STATEWIDE ACTIVITIES.—

14 “(1) IN GENERAL.—Funds reserved by a Gov-
15 ernor for a State as described in sections 128(a) and
16 133(a)(1) may be used for statewide activities
17 including—

18 “(A) additional assistance to local areas
19 that have high concentrations of eligible youth;

20 “(B) supporting the provision of core serv-
21 ices described in section 134(c)(2) in the one-
22 stop delivery system;

23 “(C) conducting evaluations under section
24 136(e) of activities authorized under this chap-
25 ter and chapter 5 in coordination with evalua-

1 tions carried out by the Secretary under section
2 172, research, and demonstration projects;

3 “(D) providing incentive grants to local
4 areas for regional cooperation among local
5 boards (including local boards in a designated
6 region as described in section 116(c)), for local
7 coordination of activities carried out under this
8 Act, and for exemplary performance by local
9 areas on the local performance measures;

10 “(E) providing technical assistance and ca-
11 pacity building to local areas, one-stop opera-
12 tors, one-stop partners, and eligible providers,
13 including the development and training of staff,
14 the development of exemplary program activi-
15 ties, and the provision of technical assistance to
16 local areas that fail to meet local performance
17 measures;

18 “(F) operating a fiscal and management
19 accountability system under section 136(f); and

20 “(G) carrying out monitoring and over-
21 sight of activities under this chapter and chap-
22 ter 5.

23 “(2) LIMITATION.—Not more than 5 percent of
24 the funds allotted under section 127(b) shall be used

1 by the State for administrative activities carried out
2 under this subsection and section 133(a).

3 “(3) PROHIBITION.—No funds described in this
4 subsection or in section 134(a) may be used to de-
5 velop or implement education curricula for school
6 systems in the State.”.

7 (e) LOCAL ELEMENTS AND REQUIREMENTS.—

8 (1) PROGRAM DESIGN.—Section 129(c)(1) (29
9 U.S.C. 2854 (c) (1)) is amended—

10 (A) in the matter preceding subparagraph
11 (A), by striking “paragraph (2)(A) or (3), as
12 appropriate, of”;

13 (B) in subparagraph (B), by inserting “are
14 directly linked to one or more of the perform-
15 ance outcomes relating to this chapter under
16 section 136, and that” after “for each partici-
17 pant that”; and

18 (C) in subparagraph (C)—

19 (i) by redesignating clauses (i)
20 through (iv) as clauses (ii) through (v), re-
21 spectively;

22 (ii) by inserting before clause (ii) (as
23 so redesignated) the following:

24 “(i) activities leading to the attain-
25 ment of a secondary school diploma or the

1 General Equivalency Diploma (GED) (in-
2 cluding recognized alternative standards
3 for individuals with disabilities);”;

4 (iii) in clause (ii) (as redesignated by
5 this subparagraph), by inserting “and ad-
6 vanced training” after “opportunities”;

7 (iv) in clause (iii) (as redesignated by
8 this subparagraph), by inserting “that lead
9 to the attainment of recognized creden-
10 tials” after “learning”; and

11 (v) by amending clause (v) (as reded-
12 igned by this subparagraph) to read as
13 follows:

14 “(v) effective connections to employers
15 in sectors of the local labor market experi-
16 encing high growth in employment oppor-
17 tunities.”.

18 (2) PROGRAM ELEMENTS.—Section 129(c)(2)
19 (29 U.S.C. 2854(c)(2) is amended—

20 (A) in subparagraph (A), by striking “sec-
21 ondary school, including dropout prevention
22 strategies” and inserting “secondary school di-
23 ploma or the General Equivalency Diploma
24 (GED) (including recognized alternative stand-

1 ards for individuals with disabilities), including
2 dropout prevention strategies”;

3 (B) in subparagraph (I), by striking “and”
4 at the end;

5 (C) in subparagraph (J), by striking the
6 period at the end and inserting a semi-colon;
7 and

8 (D) by adding at the end the following:

9 “(K) on-the-job training opportunities; and
10 “(L) financial literacy skills.”.

11 (3) ADDITIONAL REQUIREMENTS.—Section
12 129(c)(3) (29 U.S.C. 2854(c)(3)) is amended by
13 striking “or applicant who meets the minimum in-
14 come criteria to be considered an eligible youth”;

15 (4) PRIORITY AND EXCEPTIONS.—Section
16 129(c) (29 U.S.C. 2854(c)) is further amended—

17 (A) by striking paragraphs (4) and (5);

18 (B) by redesignating paragraph (6) as
19 paragraph (4);

20 (C) by redesignating paragraph (7) as
21 paragraph (5), and in such redesignated para-
22 graph (5) by striking “youth councils” and in-
23 serting “local boards”; and

24 (D) by redesignating paragraph (8) as
25 paragraph (6).

1 **SEC. 112. COMPREHENSIVE PROGRAM FOR ADULTS.**

2 (a) TITLE OF CHAPTER 5.—

3 (1) The title heading of chapter 5 is amended
4 to read as follows:

5 **“CHAPTER 5—COMPREHENSIVE EMPLOY-**
6 **MENT AND TRAINING ACTIVITIES FOR**
7 **ADULTS”.**

8 (2) CONFORMING AMENDMENT.—Table of con-
9 tents in section 1(b) is amended by amending the
10 item related to chapter 5 to read as follows:

 “CHAPTER 5—COMPREHENSIVE EMPLOYMENT AND TRAINING ACTIVITIES
 FOR ADULTS”.

11 (b) GENERAL AUTHORIZATION.—Section 131 (29
12 U.S.C. 2861) is amended—

13 (1) by striking “paragraphs (1)(B) and (2)(B)
14 of ”; and

15 (2) by striking “, and dislocated workers,”.

16 (c) STATE ALLOTMENTS.—

17 (1) IN GENERAL.—Section 132(a) (29 U.S.C.
18 2862(a)) is amended to read as follows:

19 “(a) IN GENERAL.—The Secretary shall—

20 “(1) reserve 10 percent of the amount appro-
21 priated under section 137(b) for a fiscal year, of
22 which—

1 “(A) not less than 75 percent shall be used
2 for national dislocated worker grants under sec-
3 tion 173;

4 “(B) not more than 20 percent may be
5 used for demonstration projects under section
6 171; and

7 “(C) not more than 5 percent may be used
8 to provide technical assistance under section
9 170; and

10 “(2) make allotments from 90 percent of the
11 amount appropriated under section 137(b) for a fis-
12 cal year in accordance with subsection (b).”.

13 (2) ALLOTMENT AMONG STATES.—Section
14 132(b) (29 U.S.C. 2862(b)) is amended to read as
15 follows:

16 “(b) ALLOTMENT AMONG STATES FOR ADULT EM-
17 PLOYMENT AND TRAINING ACTIVITIES.—

18 “(1) RESERVATION FOR OUTLYING AREAS.—
19 From the amount made available under subsection
20 (a)(2) for a fiscal year, the Secretary shall reserve
21 not more than $\frac{1}{4}$ of 1 percent to provide assistance
22 to outlying areas to carry out employment and train-
23 ing activities for adults and statewide workforce in-
24 vestment activities.

25 “(2) STATES.—

1 “(A) IN GENERAL.—After determining the
2 amount to be reserved under paragraph (1), the
3 Secretary shall allot the remainder of the
4 amount referred to under subsection (a)(2) for
5 a fiscal year to the States pursuant to subpara-
6 graph (B) for employment and training activi-
7 ties for adults and statewide workforce invest-
8 ment activities.

9 “(B) FORMULA.—Subject to subpara-
10 graphs (C) and (D), of the remainder—

11 “(i) 60 percent shall be allotted on the
12 basis of the relative number of unemployed
13 individuals in each State, compared to the
14 total number of unemployed individuals in
15 all States;

16 “(ii) 15 percent shall be allotted on
17 the basis of the relative excess number of
18 unemployed individuals in each State, com-
19 pared to the total excess number of unem-
20 ployed individuals in all States;

21 “(iii) 15 percent shall be allotted on
22 the basis of the relative number of individ-
23 uals in the civilian labor force in each
24 State, compared to the total number of in-

1 dividuals in the civilian labor force in all
2 States; and

3 “(iv) 10 percent shall be allotted on
4 the basis of the relative number of dis-
5 advantaged adults in each State, compared
6 to the total number of disadvantaged
7 adults in all States.

8 “(C) MINIMUM AND MAXIMUM PERCENT-
9 AGES.—The Secretary shall ensure that no
10 State shall receive an allotment for a fiscal year
11 that is less than 90 percent or greater than 130
12 percent of the allotment percentage of the State
13 for the preceding fiscal year.

14 “(D) MINIMUM ALLOTMENT.—Notwith-
15 standing any other provision of this section, no
16 State shall receive an allotment under this sec-
17 tion that is less than the amount received by
18 such State for fiscal year 2003.

19 “(E) SMALL STATE MINIMUM ALLOT-
20 MENT.—Subject to subparagraph (C), the Sec-
21 retary shall ensure that no State shall receive
22 an allotment under this paragraph that is less
23 than $\frac{3}{10}$ of 1 percent of the amount available
24 under subparagraph (A).

1 “(F) DEFINITIONS.—For the purposes of
2 this paragraph, the following definitions apply:

3 “(i) ALLOTMENT PERCENTAGE.—The
4 term ‘allotment percentage’, used with re-
5 spect to fiscal year 2004 or a subsequent
6 fiscal year, means a percentage of the re-
7 mainder described in subparagraph (A)
8 that is received through an allotment made
9 under this paragraph for the fiscal year.
10 The term, with respect to fiscal year 2003,
11 means the percentage of the amounts allot-
12 ted to States under this chapter (as in ef-
13 fect on the day before the date of enact-
14 ment of the Workforce Reinvestment and
15 Adult Education Act of 2003) and under
16 section 6 of the Wagner-Peyser Act that is
17 received by the State involved for fiscal
18 year 2003.

19 “(ii) DISADVANTAGED ADULT.—The
20 term ‘disadvantaged adult’ means an indi-
21 vidual who is age 22 through 72 who re-
22 ceived an income, or is a member of a fam-
23 ily that received a total family income,
24 that, in relation to family size, does not ex-
25 ceed the poverty line.

1 “(iii) EXCESS NUMBER.—The term
2 ‘excess number’ means, used with respect
3 to the excess number of unemployed indi-
4 viduals within a State, the number that
5 represents the number of unemployed indi-
6 viduals in excess of 4.5 percent of the civil-
7 ian labor force in the State.”.

8 (3) REALLOTMENT.—Section 132(c) (29 U.S.C.
9 2862(c)) is amended—

10 (A) by amending paragraph (2) to read as
11 follows:

12 “(2) AMOUNT.—The amount available for real-
13 lotment for a program year is equal to the amount
14 by which the unexpended balance, excluding accrued
15 expenditures, at the end of such program year of the
16 total amount of funds available to the State under
17 this section during such program year (including
18 amounts allotted to the State in prior program years
19 that remain available during the program year for
20 which the determination is made) exceeds 30 percent
21 of such total amount.”;

22 (B) in paragraph (3)—

23 (i) by striking “for the prior program
24 year” and inserting “for the program year
25 in which the determination is made”; and

1 (ii) by striking “such prior program
2 year” and inserting “such program year”;
3 and

4 (C) by amending paragraph (4) to read as
5 follows:

6 “(4) ELIGIBILITY.—For purposes of this sub-
7 section, an eligible State means a State that does
8 not have an amount available for reallocation under
9 paragraph (2) for the program year for which the
10 determination under paragraph (2) is made.”.

11 (d) WITHIN STATE ALLOCATIONS.—

12 (1) RESERVATION FOR STATE ACTIVITIES.—
13 Section 133(a) (29 U.S.C. 2863(a)) is amended to
14 read as follows:

15 “(a) RESERVATION FOR STATEWIDE ACTIVITIES.—
16 The Governor of a State may reserve up to 50 percent
17 of the total amount allotted to the State under section 132
18 for a fiscal year to carry out the statewide activities de-
19 scribed in section 134(a).”.

20 (2) ALLOCATIONS TO LOCAL AREAS.—Section
21 133(b) (29 U.S.C. 2863(b)) is amended to read as
22 follows:

23 “(b) ALLOCATIONS TO LOCAL AREAS.—

1 “(1) IN GENERAL.—Of the amounts allotted to
2 the State under section 132(b)(2) and not reserved
3 under subsection (a)—

4 “(A) 80 percent of such amounts shall be
5 allocated by the Governor to local areas in ac-
6 cordance with paragraph (2); and

7 “(B) 20 percent of such amounts shall be
8 allocated by the Governor to local areas in ac-
9 cordance with paragraph (3).

10 “(2) ESTABLISHED FORMULA.—

11 “(A) IN GENERAL.—Of the amounts de-
12 scribed in paragraph (1)(A), the Governor shall
13 allocate—

14 “(i) 60 percent on the basis of the rel-
15 ative number of unemployed individuals in
16 each local area, compared to the total
17 number of unemployed individuals in all
18 local areas in the State;

19 “(ii) 15 percent on the basis of the
20 relative excess number of unemployed indi-
21 viduals in each local area, compared to the
22 total excess number of unemployed individ-
23 uals in all local areas in the State;

24 “(iii) 15 percent on the basis of the
25 relative number of individuals in the civil-

1 ian labor force in each local area, com-
2 pared to the total number of individuals in
3 the civilian labor force in all local areas in
4 the State; and

5 “(iv) 10 percent shall be allotted on
6 the basis of the relative number of dis-
7 advantaged adults in each local area, com-
8 pared to the total number of disadvantaged
9 adults in all local areas in the State.

10 “(B) MINIMUM AND MAXIMUM PERCENT-
11 AGES.—The Governor shall ensure that no local
12 area shall receive an allocation for a fiscal year
13 under this paragraph that is less than 90 per-
14 cent or greater than 130 percent of the alloca-
15 tion percentage of the local area for the pre-
16 ceding fiscal year.

17 “(C) DEFINITIONS.—

18 “(i) ALLOCATION PERCENTAGE.—The
19 term ‘allocation percentage’, used with re-
20 spect to fiscal year 2004 or a subsequent
21 fiscal year, means a percentage of amount
22 described in paragraph (1)(A) that is re-
23 ceived through an allocation made under
24 this paragraph for the fiscal year. The
25 term, with respect to fiscal year 2003,

1 means the percentage of the amounts allo-
2 cated to local areas under this chapter (as
3 in effect on the day before the date of en-
4 actment of the Workforce Reinvestment
5 and Adult Education Act of 2003) that is
6 received by the local area involved for fis-
7 cal year 2003.

8 “(ii) DISADVANTAGED ADULT.—The
9 term ‘disadvantaged adult’ means an indi-
10 vidual who is age 22 through 72 who re-
11 ceived an income, or is a member of a fam-
12 ily that received a total family income,
13 that, in relation to family size, does not ex-
14 ceed the poverty line.

15 “(iii) EXCESS NUMBER.—The term
16 ‘excess number’ means, used with respect
17 to the excess number of unemployed indi-
18 viduals within a local area, the number
19 that represents the number of unemployed
20 individuals in excess of 4.5 percent of the
21 civilian labor force in the local area.

22 “(3) DISCRETIONARY ALLOCATION.—The Gov-
23 ernor shall allocate to local areas the amounts de-
24 scribed in paragraph (1)(B) based on a formula de-
25 veloped in consultation with the State board and

1 local boards. Such formula shall be objective and
2 geographically equitable and may include such demo-
3 graphic and economic factors as the Governor, after
4 consultation with the State board and local boards,
5 determines are appropriate.

6 “(4) LOCAL ADMINISTRATIVE COST LIMIT.—

7 “(A) IN GENERAL.—Of the amounts allo-
8 cated to a local area under this subsection and
9 section 128(b) for a fiscal year, not more than
10 10 percent of the amount may be used by the
11 local boards for the administrative costs of car-
12 rying out local workforce investment activities
13 under this chapter or chapter 4.

14 “(B) USE OF FUNDS.—Funds made avail-
15 able for administrative costs under subpara-
16 graph (A) may be used for the administrative
17 costs of any of the local workforce investment
18 activities described in this chapter or chapter 4,
19 regardless of whether the funds were allocated
20 under this subsection or section 128(b).”.

21 (3) REALLOCATION AMONG LOCAL AREAS.—

22 Section 133(c) (29 U.S.C. 2863(c)) is amended—

23 (A) in paragraph (1), by striking “para-
24 graph (2)(A) or (3) of”;

1 (B) by amending paragraph (2) to read as
2 follows:

3 “(2) AMOUNT.—The amount available for re-
4 allocation for a program year is equal to the amount
5 by which the unexpended balance, excluding accrued
6 expenditures, at the end of such program year of the
7 total amount of funds available to the local area
8 under this section during such program year (includ-
9 ing amounts allotted to the local area in prior pro-
10 gram years that remain available during the pro-
11 gram year for which the determination is made) ex-
12 ceeds 30 percent of such total amount.”;

13 (C) by amending paragraph (3)—

14 (i) by striking “subsection (b)(3)”
15 each place it appears and inserting “sub-
16 section (b)”;

17 (ii) by striking “the prior program
18 year” and inserting “the program year in
19 which the determination is made”;

20 (iii) by striking “such prior year” and
21 inserting “such program year”; and

22 (iv) by striking the last sentence; and

23 (D) by amending paragraph (4) to read as
24 follows:

1 “(4) ELIGIBILITY.—For purposes of this sub-
2 section, an eligible local area means a local area
3 which does not have an amount available for re-
4 allocation under paragraph (2) for the program year
5 for which the determination under paragraph (2) is
6 made.”.

7 (e) USE OF FUNDS FOR EMPLOYMENT AND TRAIN-
8 ING ACTIVITIES.—

9 (1) STATEWIDE EMPLOYMENT AND TRAINING
10 ACTIVITIES.—

11 (A) IN GENERAL.—Section 134(a)(1) (29
12 U.S.C. 2864(a)(1) is amended to read as fol-
13 lows:

14 “(1) IN GENERAL.—

15 “(A) REQUIRED USE OF FUNDS.—Not less
16 than 50 percent of the funds reserved by a Gov-
17 ernor under section 133(a) shall be used to sup-
18 port the provision of core services in local areas,
19 consistent with the local plan, through one-stop
20 delivery systems by distributing funds to local
21 areas in accordance with subparagraph (B).
22 Such funds may be used by States to employ
23 State personnel to provide such services in des-
24 ignated local areas in consultation with local
25 boards.

1 “(B) METHOD OF DISTRIBUTING
2 FUNDS.—The method of distributing funds
3 under this paragraph shall be developed in con-
4 sultation with the State board and local boards.
5 Such method of distribution, which may include
6 the formula established under section
7 121(h)(3), shall be objective and geographically
8 equitable, and may include factors such as the
9 number of centers in the local area that have
10 been certified, the population served by such
11 centers, and the performance of such centers.

12 “(C) OTHER USE OF FUNDS.—Funds re-
13 served by a Governor for a State—

14 “(i) under section 133(a) and not
15 used under subparagraph (A), may be used
16 for statewide activities described in para-
17 graph (2); and

18 “(ii) under section 133(a) and not
19 used under subparagraph (A), and under
20 section 128(a) may be used to carry out
21 any of the statewide employment and
22 training activities described in paragraph
23 (3).”.

1 (B) STATEWIDE RAPID RESPONSE ACTIVI-
2 TIES.—Section 134(a)(2) (29 U.S.C.
3 2864(a)(2)) is amended to read as follows:

4 “(2) STATEWIDE RAPID RESPONSE ACTIVI-
5 TIES.—A State shall carry out statewide rapid re-
6 sponse activities using funds reserved as described in
7 section 133(a). Such activities shall include—

8 “(A) provision of rapid response activities,
9 carried out in local areas by the State or by an
10 entity designated by the State, working in con-
11 junction with the local boards and the chief
12 elected officials in the local areas; and

13 “(B) provision of additional assistance to
14 local areas that experience disasters, mass lay-
15 offs or plant closings, or other events that pre-
16 cipitate substantial increases in the number of
17 unemployed individuals, carried out in local
18 areas by the State, working in conjunction with
19 the local boards and the chief elected officials in
20 the local areas.”.

21 (C) STATEWIDE EMPLOYMENT AND TRAIN-
22 ING ACTIVITIES.—Section 134(a)(3) (29 U.S.C.
23 2864(a)(3)) is amended to read as follows:

24 “(3) STATEWIDE ACTIVITIES.—Funds reserved
25 by a Governor for a State as described in sections

1 133(a) and 128(a) may be used for statewide activi-
2 ties including—

3 “(A) supporting the provision of core serv-
4 ices described in section 134(c)(2) in the one-
5 stop delivery system;

6 “(B) conducting evaluations under section
7 136(e) of activities authorized under this chap-
8 ter and chapter 4 in coordination with evalua-
9 tions carried out by the Secretary under section
10 172, research, and demonstration projects;

11 “(C) providing incentive grants to local
12 areas for regional cooperation among local
13 boards (including local boards in a designated
14 region as described in section 116(c)), for local
15 coordination of activities carried out under this
16 Act, and for exemplary performance by local
17 areas on the local performance measures;

18 “(D) providing technical assistance and ca-
19 pacity building to local areas, one-stop opera-
20 tors, one-stop partners, and eligible providers,
21 including the development and training of staff,
22 the development of exemplary program activi-
23 ties, and the provision of technical assistance to
24 local areas that fail to meet local performance
25 measures;

1 “(E) operating a fiscal and management
2 accountability system under section 136(f);

3 “(F) carrying out monitoring and oversight
4 of activities carried out under this chapter and
5 chapter 4;

6 “(G) implementing innovative programs,
7 such as incumbent worker training programs,
8 programs serving individuals with disabilities
9 consistent with section 188; and

10 “(H) developing strategies for effectively
11 serving hard-to-serve populations and for inte-
12 grating programs and services among one-stop
13 partners.

14 “(I) implementing innovative programs for
15 displaced homemakers, which for purposes of
16 this subparagraph may include an individual
17 who is receiving public assistance and is within
18 2 years of exhausting lifetime eligibility under
19 Part A of title IV of the Social Security Act (42
20 U.S.C. 601 et seq.); and

21 (J) implementing programs to increase the
22 number of individuals training for and placed in
23 nontraditional employment.”.

24 (D) LIMITATION ON STATE ADMINISTRA-
25 TIVE EXPENDITURES.—Section 134(a) is fur-

1 ther amended by adding the following new
2 paragraph:

3 “(4) LIMITATION.—Not more than 5 percent of
4 the funds allotted under section 132(b) shall be used
5 by the State for administrative activities carried out
6 under this subsection and section 128(a).”.

7 (2) LOCAL EMPLOYMENT AND TRAINING AC-
8 TIVITIES.— Section 134(b) (29 U.S.C. 2864(b)) is
9 amended—

10 (A) by striking “under paragraph (2)(A)”
11 and all that follows through “section
12 133(B)(2)(B)” and inserting “under section
13 133(b)”;

14 (B) in paragraphs (1) and (2), by striking
15 “or dislocated workers respectively” both places
16 it appears; and

17 (C) by redesignating subsections (d) and
18 (e) as subsections (c) and (d), respectively.

19 (3) REQUIRED LOCAL EMPLOYMENT AND
20 TRAINING ACTIVITIES.—

21 (A) ALLOCATED FUNDS.—Section
22 134(c)(1) (29 U.S.C. 2864(C)(1)) (as redesign-
23 nated by paragraph (2)) is amended to read as
24 follows:

1 “(1) IN GENERAL.—Funds allocated to a local
2 area for adults under section 133(b) shall be used—

3 “(A) to establish a one-stop delivery sys-
4 tem as described in section 121(e);

5 “(B) to provide the core services described
6 in paragraph (2) through the one-stop delivery
7 system in accordance with such paragraph;

8 “(C) to provide the intensive services de-
9 scribed in paragraph (3) to adults described in
10 such paragraph; and

11 “(D) to provide training services described
12 in paragraph (4) to adults described in such
13 paragraph.”.

14 (B) CORE SERVICES.—Section 134(c)(2)
15 (29 U.S.C. 2864(c)(2)) (as redesignated by
16 paragraph (2)) is amended—

17 (i) by striking “who are adults or dis-
18 located workers”;

19 (ii) in subparagraph (A), by striking
20 “under this subtitle” and inserting “under
21 the one-stop partner programs described in
22 section 121(b)”;

23 (iii) by amending subparagraph (D) to
24 read as follows:

25 “(D) labor exchange services, including—

1 “(i) job search and placement assist-
2 ance, and where appropriate career coun-
3 seling; and

4 “(ii) appropriate recruitment services
5 for employers;”

6 (iv) in subparagraph (I), by inserting
7 “and the administration of the work test
8 for the unemployment compensation sys-
9 tem” after “compensation”; and

10 (v) by amending subparagraph (J) to
11 read as follows:

12 “(J) assistance in establishing eligibility
13 for programs of financial aid assistance for
14 training and education programs that are not
15 funded under this Act and are available in the
16 local area; and”.

17 (C) INTENSIVE SERVICES.—Section
18 134(c)(3) (29 U.S.C. 2864(c)(3) (as redesign-
19 nated by paragraph (2) of this subsection) is
20 amended—

21 (i) by amending subparagraph (A) to
22 read as follows:

23 “(A) IN GENERAL.—

24 “(i) ELIGIBILITY.—Funds allocated to
25 a local area under section 133(b) shall be

1 used to provide intensive services for
2 adults who—

3 “(I) are unemployed and who
4 have been determined by the one-stop
5 operator to be—

6 “(aa) unlikely or unable to
7 obtain suitable employment
8 through core services; and

9 “(bb) in need of intensive
10 services in order to obtain suit-
11 able employment; or

12 “(II) are employed, but who are
13 determined by a one-stop operator to
14 be in need of intensive services to ob-
15 tain or retain suitable employment.

16 “(ii) DEFINITION.—The Governor
17 shall define the term ‘suitable employment’
18 for purposes of this subparagraph.”; and

19 (ii) in subparagraph (C)—

20 (I) in clause (v), by striking “for
21 participants seeking training services
22 under paragraph (4)”; and

23 (II) by adding the following
24 clauses after clause (vi):

1 “(vii) Internships and work experi-
2 ence.

3 “(viii) Literacy activities relating to
4 basic work readiness, and financial literacy
5 activities.

6 “(ix) Out-of-area job search assistance
7 and relocation assistance.”.

8 (D) TRAINING SERVICES.—Section
9 134(c)(4) (as redesignated by paragraph (2) of
10 this subsection) is amended—

11 (i) by amending subparagraph (A) to
12 read as follows:

13 “(A) IN GENERAL.—

14 “(i) ELIGIBILITY.—Funds allocated to
15 a local area under section 133(b) shall be
16 used to provide training services to adults
17 who—

18 “(I) after an interview, evalua-
19 tion, or assessment, and case manage-
20 ment, have been determined by a one-
21 stop operator or one-stop partner, as
22 appropriate, to—

23 “(aa) be unlikely or unable
24 to obtain or retain suitable em-

1 employment through intensive serv-
2 ices under paragraph (3)(A);

3 “(bb) be in need of training
4 services to obtain or retain suit-
5 able employment; and

6 “(cc) have the skills and
7 qualifications to successfully par-
8 ticipate in the selected program
9 of training services;

10 “(II) select programs of training
11 services that are directly linked to the
12 employment opportunities in the local
13 area involved or in another area in
14 which the adults receiving such serv-
15 ices are willing to commute or relo-
16 cate;

17 “(III) who meet the requirements
18 of subparagraph (B); and

19 “(IV) who are determined eligible
20 in accordance with the priority system
21 in effect under subparagraph (E).

22 “(ii) The Governor shall define the
23 term ‘suitable employment’ for purposes of
24 this subparagraph.”;

1 (ii) in subparagraph (B)(i), by strik-
2 ing “Except” and inserting “Notwith-
3 standing section 479B of the Higher Edu-
4 cation Act of 1965 (20 U.S.C. 1087uu)
5 and except”;

6 (iii) by amending subparagraph (E) to
7 read as follows:

8 “(E) PRIORITY.—

9 “(i) IN GENERAL.—A priority shall be
10 given to unemployed individuals for the
11 provision of intensive and training services
12 under this subsection.

13 “(ii) ADDITIONAL PRIORITY.—If the
14 funds in the local area, including the funds
15 allocated under section 133(b), for serving
16 recipients of public assistance and other
17 low-income individuals is limited, the pri-
18 ority for the provision of intensive and
19 training services under this subsection
20 shall include such recipients and individ-
21 uals.

22 “(iii) DETERMINATIONS.—The Gov-
23 ernor and the appropriate local board shall
24 direct the one-stop operators in the local
25 area with regard to making determinations

1 with respect to the priority of service under
2 this subparagraph.”;

3 (iv) in subparagraph (F), by adding
4 the following clause after clause (iii):

5 “(iv) ENHANCED INDIVIDUAL TRAIN-
6 ING ACCOUNTS.—Each local board may,
7 through one-stop centers, assist individuals
8 receiving individual training accounts
9 through the establishment of such accounts
10 that include, in addition to the funds pro-
11 vided under this paragraph, funds from
12 other programs and sources that will assist
13 the individual in obtaining training serv-
14 ices.”; and

15 (v) in subparagraph (G)(iv), by redes-
16 ignating subclause (IV) as subclause (V)
17 and inserting after subclause (III) the fol-
18 lowing:

19 “(IV) Individuals with disabil-
20 ities.”.

21 (4) PERMISSIBLE ACTIVITIES.—Section 134(d)
22 (as redesignated by paragraph (2)) is amended—

23 (A) by amending paragraph (1) to read as
24 follows:

1 “(1) DISCRETIONARY ONE-STOP DELIVERY AC-
2 TIVITIES.—

3 “(A) IN GENERAL.—Funds allocated to a
4 local area under section 133(b) may be used to
5 provide, through the one-stop delivery system—

6 “(i) customized screening and referral
7 of qualified participants in training serv-
8 ices to employers;

9 “(ii) customized employment-related
10 services to employers on a fee-for-service
11 basis;

12 “(iii) customer support to navigate
13 among multiple services and activities for
14 special participant populations that face
15 multiple barriers to employment, including
16 individuals with disabilities; and

17 “(iv) employment and training assist-
18 ance provided in coordination with child
19 support enforcement activities of the State
20 agency carrying out subtitle D of title IV
21 of the Social Security Act.

22 “(B) WORK SUPPORT ACTIVITIES FOR
23 LOW-WAGE WORKERS.—

24 “(i) IN GENERAL.— Funds allocated
25 to a local area under 133(b) may be used

1 to provide, through the one-stop delivery
2 system and in collaboration with the ap-
3 propriate programs and resources of the
4 one-stop partners, work support activities
5 designed to assist low-wage workers in re-
6 taining and enhancing employment.

7 “(ii) ACTIVITIES.—The activities de-
8 scribed in clause (i) may include assistance
9 in accessing financial supports for which
10 such workers may be eligible and the provi-
11 sion of activities available through the one-
12 stop delivery system in a manner that en-
13 hances the opportunities of such workers
14 to participate, such as the provision of em-
15 ployment and training activities during
16 nontraditional hours and the provision of
17 on-site child care while such activities are
18 being provided.”; and

19 (B) by adding after paragraph (3) the fol-
20 lowing new paragraph:

21 “(4) INCUMBENT WORKER TRAINING PRO-
22 GRAMS.—

23 “(A) IN GENERAL.—The local board may
24 use up to 10 percent of the funds allocated to
25 a local area under section 133(b) to carry out

1 incumbent worker training programs in accord-
2 ance with this paragraph.

3 “(B) TRAINING ACTIVITIES.—The training
4 programs for incumbent workers under this
5 paragraph shall be carried out by the local area
6 in conjunction with the employers of such work-
7 ers for the purpose of assisting such workers in
8 obtaining the skills necessary to retain employ-
9 ment and avert layoffs.

10 “(C) EMPLOYER MATCH REQUIRED.—

11 “(i) IN GENERAL.—Employers partici-
12 pating in programs under this paragraph
13 shall be required to pay a proportion of the
14 costs of providing the training to the in-
15 cumbent workers. The Governor shall es-
16 tablish, or may authorize the local board to
17 establish, the required portion of such
18 costs, which shall not be less than—

19 “(I) 10 percent of the costs, for
20 employers with 50 or fewer employees;

21 “(II) 25 percent of the costs, for
22 employers with more than 50 employ-
23 ees but fewer than 100 employees;
24 and

1 “(III) 50 percent of the costs, for
2 employers with 100 or more employ-
3 ees.

4 “(ii) CALCULATION OF MATCH.—The
5 wages paid by an employer to a worker
6 while they are attending training may be
7 included as part of the requirement pay-
8 ment of the employer.”.

9 **SEC. 113. PERFORMANCE ACCOUNTABILITY SYSTEM.**

10 (a) STATE PERFORMANCE MEASURES.—

11 (1) IN GENERAL.—Section 136(b)(1) (29
12 U.S.C. 2871(b)(1)) is amended—

13 (A) in subparagraph (A)(i), by striking
14 “and the customer satisfaction indicator of per-
15 formance described in paragraph (2)(B)”;

16 (B) in subparagraph (A)(ii), by striking
17 “paragraph (2)(C)” and inserting “paragraph
18 (2)(B)”.

19 (2) INDICATORS OF PERFORMANCE.—Section
20 136(b)(2) (29 U.S.C. 2871(b)(2)) is amended—

21 (A) in subparagraph (A)(i), by striking
22 “(except for self-service and information activi-
23 ties) and (for participants who are eligible
24 youth age 19 through 21) for youth activities
25 authorized under section 129”;

1 (B) by amending subparagraph (A)(i)(IV)
2 to read as follows:

3 “(IV) the efficiency of the pro-
4 gram in obtaining the outcomes de-
5 scribed in subclauses (I) through
6 (III).”;

7 (C) by amending subparagraph (A)(ii) to
8 read as follows:

9 “(ii) CORE INDICATORS FOR ELIGIBLE
10 YOUTH.—The core indicators of perform-
11 ance for youth activities authorized under
12 section 129 shall consist of—

13 “(I) entry into employment, edu-
14 cation or advanced training, or mili-
15 tary service;

16 “(II) attainment of secondary
17 school diplomas or the General
18 Equivalency Diploma (GED) (includ-
19 ing recognized alternative standards
20 for individuals with disabilities);

21 “(III) attainment of literacy or
22 numeracy skills; and

23 “(IV) the efficiency of the pro-
24 gram in obtaining the outcomes de-

1 scribed in subclauses (I) through
2 (III).”;

3 (D) by striking subparagraph (B);

4 (E) by redesignating subparagraph (C) as
5 subparagraph (B), and by adding at the end of
6 such subparagraph (as so redesignated) the fol-
7 lowing new sentence: “Such indicators may in-
8 clude customer satisfaction of employers and
9 participants with services received from the
10 workforce investment activities authorized
11 under this subtitle.”.

12 (3) LEVELS OF PERFORMANCE.—Section
13 136(b)(3)(A) (29 U.S.C. 2871(b)(3)(A)) is
14 amended—

15 (A) in clause (i), by striking “and the cus-
16 tomer satisfaction indicator described in para-
17 graph (2)(B)”;

18 (B) in clause (ii), by striking “and the cus-
19 tomer satisfaction indicator of performance, for
20 the first 3” and inserting “for the 2”;

21 (C) in clause (iii)—

22 (i) in the heading, by striking “FOR
23 FIRST 3 YEARS”; and

1 (ii) by striking “and the customer sat-
2 isfaction indicator of performance, for the
3 first 3” and inserting “for the 2”;

4 (D) in clause (iv)—

5 (i) by striking subclause (I);

6 (ii) by redesignating subclauses (II)
7 and (III) as subclauses (I) and (II), re-
8 spectively; and

9 (iii) in subclause (I) (as so redesign-
10 nated)—

11 (I) by striking “taking into ac-
12 count” and inserting “which shall be
13 adjusted based on”;

14 (II) by inserting “such as unem-
15 ployment rates and job losses or gains
16 in particular industries” after “eco-
17 nomic conditions”; and

18 (III) by inserting “such as indi-
19 cators of poor work history, lack of
20 work experience, low levels of literacy
21 or English proficiency, disability sta-
22 tus, and welfare dependency” after
23 “program”;

24 (E) by striking clause (v); and

1 (F) by redesignating clause (vi) as clause
2 (v).

3 (4) ADDITIONAL INDICATORS.—Section
4 136(b)(3)(B) is amended by striking “paragraph
5 (2)(C)” and inserting “paragraph (2)(B)”.

6 (b) LOCAL PERFORMANCE MEASURES.—Section
7 136(c) (29 U.S.C 2871(c)) is amended—

8 (1) in paragraph (1)(A)(i), by striking “, and
9 the customer satisfaction indicator of performance
10 described in subsection (b)(2)(B),”;

11 (2) in paragraph (1)(A)(ii), by striking “sub-
12 section (b)(2)(C)” and inserting “subsection
13 (b)(2)(B)”;

14 (3) by amending paragraph (3) to read as fol-
15 lows:

16 “(3) DETERMINATIONS.—In determining such
17 local levels of performance, the local board, the chief
18 elected official, and the Governor shall ensure such
19 levels are adjusted based on the specific economic
20 characteristics (such as unemployment rates and job
21 losses or gains in particular industries), demographic
22 characteristics, or other characteristics of the popu-
23 lation to be served in the local area, such as poor
24 work history, lack of work experience, low levels of

1 literacy or English proficiency, disability status, and
2 welfare dependency.”.

3 (c) REPORT.—Section 136(d) (29 U.S.C. 2871(d)) is
4 amended—

5 (1) in paragraph (1), by striking “and the cus-
6 tomer satisfaction indicator” in both places that it
7 appears;

8 (2) in paragraph (2)(E), by striking “(excluding
9 participants who received only self-service and infor-
10 mational activities)”;

11 (3) by adding at the end the following:

12 “(4) DATA VALIDATION.—In preparing the re-
13 ports described in this subsection, the States shall
14 establish procedures, consistent with guidelines
15 issued by the Secretary, to ensure the information
16 contained in the report is valid and reliable.”.

17 (d) SANCTIONS FOR STATE.—Section 136(g) (29
18 U.S.C. 2871(g)) is amended—

19 (1) in paragraph (1)(A), by striking “or (B)”;
20 and

21 (2) in paragraph (2), by striking “section 503”
22 and inserting “section 136(i)”.

23 (e) SANCTIONS FOR LOCAL AREAS.—Section 136(h)
24 (29 U.S.C. 2871(h)) is amended—

25 (1) in paragraph (1), by striking “or (B)”;

1 (2) by amending paragraph (2)(B) to read as
2 follows:

3 “(B) APPEAL TO GOVERNOR.—A local area
4 that is subject to a reorganization plan under
5 subparagraph (A) may, not later than 30 days
6 after receiving notice of the reorganization plan,
7 appeal to the Governor to rescind or revise such
8 plan. In such case, the Governor shall make a
9 final decision not later than 30 days after the
10 receipt of the appeal.”.

11 (f) INCENTIVE GRANTS.—Section 136(i) (29 U.S.C.
12 2871(i)) is amended to read as follows:

13 “(i) INCENTIVE GRANTS FOR STATES AND LOCAL
14 AREAS.—

15 “(1) INCENTIVE GRANTS FOR STATES.—

16 “(A) IN GENERAL.—From funds appro-
17 priated under section 174, the Secretary may
18 award grants to States for exemplary perform-
19 ance in carrying programs under this chapters
20 4 and 5 of this title. Such awards may be based
21 on States meeting or exceeding the performance
22 measures established under this section, on the
23 performance of the State in serving special pop-
24 ulations, including the levels of service provided
25 and the performance outcomes, and such other

1 factors relating to the performance of the State
2 under this title as the Secretary determines is
3 appropriate.

4 “(B) USE OF FUNDS.—The funds awarded
5 to a State under this paragraph may be used to
6 carry out any activities authorized under chap-
7 ters 4 and 5 of this title, including demonstra-
8 tions and innovative programs for special popu-
9 lations.

10 “(2) INCENTIVE GRANTS FOR LOCAL AREAS.—

11 “(A) IN GENERAL.—From funds reserved
12 under sections 128(a) and 133(a), the Governor
13 may award incentive grants to local areas for
14 exemplary performance with respect to the
15 measures established under this section and
16 with the performance of the local area in serv-
17 ing special populations, including the levels of
18 service and the performance outcomes.

19 “(B) USE OF FUNDS.—The funds awarded
20 to a local area may be used to carry out activi-
21 ties authorized for local areas under chapters 4
22 and 5 of this title, and such demonstration or
23 other innovative programs to serve special pop-
24 ulations as may be approved by the Governor.”.

1 (g) REPEAL OF DEFINITIONS.—Sections 502 and
2 503 (and the items related to such sections in the table
3 of contents) are repealed.

4 **SEC. 114. AUTHORIZATION OF APPROPRIATIONS.**

5 (a) YOUTH ACTIVITIES.—Section 137(a) (29 U.S.C.
6 2872(a)) is amended by striking “such sums as may be
7 necessary for each of fiscal years 1999 through 2003” and
8 inserting “\$1,001,000,000 for fiscal year 2004 and such
9 sums as may be necessary for each of fiscal years 2005
10 through 2009”.

11 (b) ADULT EMPLOYMENT AND TRAINING ACTIVI-
12 TIES.—Section 137(b) (29 U.S.C. 2872(b)) is amended by
13 striking “section 132(a)(1), such sums as may be nec-
14 essary for each of fiscal years 1999 through 2003” and
15 inserting “132(a), \$3,079,800,000 for fiscal year 2004
16 and such sums as may be necessary for each of fiscal years
17 2005 through 2009”.

18 (c) DISLOCATED WORKER EMPLOYMENT AND
19 TRAINING ACTIVITIES.—Section 137 is further amended
20 by striking subsection (c).

21 **SEC. 115. JOB CORPS.**

22 (a) COMMUNITY PARTICIPATION.—Section 153 (29
23 U.S.C. 2983) is amended—

24 (1) by amending subsection (a) to read as fol-
25 lows:

1 “(a) BUSINESS AND COMMUNITY PARTICIPATION.—
2 The director of each Job Corps center shall ensure the
3 establishment and development of the business and com-
4 munity relationships and networks described in subsection
5 (b) in order to enhance the effectiveness of such center.”;

6 (2) in subsection (b)—

7 (A) in the heading, by striking “RESPON-
8 SIBILITIES” and inserting “NETWORKS”; and

9 (B) by striking “The responsibilities of the
10 Liaison” and inserting “The activities carried
11 out by each Job Corps center under this sec-
12 tion”; and

13 (3) in subsection (c), by striking “The Liaison
14 for” and inserting “The director of”.

15 (b) INDUSTRY COUNCILS.—Section 154(b) (29
16 U.S.C. 2894(b)) is amended—

17 (1) in paragraph (1)(A), by striking “local and
18 distant”; and

19 (2) by adding after paragraph (2) the following:

20 “(3) EMPLOYERS OUTSIDE OF LOCAL AREAS.—

21 The industry council may include, or otherwise pro-
22 vide for consultation with, employers from outside
23 the local area who are likely to hire a significant
24 number of enrollees from the Job Corps center.”.

1 (c) INDICATORS OF PERFORMANCE AND ADDITIONAL
2 INFORMATION.—Section 159(c) (29 U.S.C. 2983(c)) is
3 amended—

4 (1) by amending paragraph (1) to read as fol-
5 lows:

6 “(1) CORE INDICATORS.—The Secretary shall
7 annually establish expected levels of performance for
8 Job Corps centers and the Job Corps program relat-
9 ing to each of the core indicators for youth identified
10 in section 136(b)(2)(A)(ii).”; and

11 (2) in paragraph (2), by striking “measures”
12 each place it appears and inserting “indicators”.

13 **SEC. 116. NATIVE AMERICAN PROGRAMS.**

14 (a) AUTHORIZED ACTIVITIES.—Section 166(d)(2)
15 (29 U.S.C. 2911(d)(2)) is amended to read as follows:

16 “(2) WORKFORCE INVESTMENT ACTIVITIES AND
17 SUPPLEMENTAL SERVICES.—Funds made available
18 under subsection (c) shall be used for—

19 “(A) comprehensive workforce investment
20 activities for Indians or Native Hawaiians; or

21 “(B) supplemental services for Indian or
22 Native Hawaiian youth on or near Indian res-
23 ervations and in Oklahoma, Alaska, or Ha-
24 waii.”.

1 (b) ADVISORY COUNCIL.—Section 166(h)(4)(C) (29
2 U.S.C. 2911(h)(4)(C)) is amended to read as follows:

3 “(C) DUTIES.—The Council shall advise
4 the Secretary on the operation and administra-
5 tion of the programs assisted under this sec-
6 tion.”.

7 (c) ASSISTANCE TO AMERICAN SAMOANS IN HA-
8 WAIL.—Section 166 (29 U.S.C. 2911) is further amended
9 by striking subsection (j).

10 **SEC. 117. YOUTH CHALLENGE GRANTS.**

11 Section 169 (29 U.S.C. 2914) is amended to read as
12 follows:

13 **“SEC. 169 YOUTH CHALLENGE GRANTS.**

14 “(a) IN GENERAL.—Of the amounts reserved by the
15 Secretary under section 127(a)(1)(A) for a fiscal year—

16 “(1) the Secretary shall use not less than 80
17 percent to award competitive grants under sub-
18 section (b); and

19 “(2) the Secretary may use not more than 20
20 percent to award discretionary grants under sub-
21 section (c).

22 “(b) COMPETITIVE GRANTS TO STATES AND LOCAL
23 AREAS.—

24 “(1) ESTABLISHMENT.—From the funds de-
25 scribed in subsection (a)(1), the Secretary shall

1 award competitive grants to eligible entities to carry
2 out activities authorized under this section to assist
3 eligible youth in acquiring the skills, credentials and
4 employment experience necessary to succeed in the
5 labor market.

6 “(2) ELIGIBLE ENTITIES.—Grants under this
7 subsection may be awarded to States, local boards,
8 recipients of grants under section 166 (relating to
9 Native American programs), and public or private
10 entities (including consortia of such entities) apply-
11 ing in conjunction with local boards.

12 “(3) GRANT PERIOD.—The Secretary may
13 make a grant under this section for a period of 1
14 year and may renew the grants for each of the 4
15 succeeding years.

16 “(4) AUTHORITY TO REQUIRE MATCH.—The
17 Secretary may require that grantees under this sub-
18 section provide a non-Federal share of the cost of
19 activities carried out under a grant awarded under
20 this subsection.

21 “(5) PARTICIPANT ELIGIBILITY.—Youth ages
22 14 through 19 as of the time the eligibility deter-
23 mination is made may be eligible to participate in
24 activities provided under this subsection.

1 “(6) USE OF FUNDS.—Funds under this sub-
2 section may be used for activities that are designed
3 to assist youth in acquiring the skills, credentials
4 and employment experience that are necessary to
5 succeed in the labor market, including the activities
6 identified in section 129. The activities may include
7 activities such as—

8 “(A) training and internships for out-of-
9 school youth in sectors of economy experiencing
10 or projected to experience high growth;

11 “(B) after-school dropout prevention activi-
12 ties for in-school youth;

13 “(C) activities designed to assist special
14 youth populations, such as court-involved youth
15 and youth with disabilities; and

16 “(D) activities combining remediation of
17 academic skills, work readiness training, and
18 work experience, and including linkages to post-
19 secondary education, apprenticeships, and ca-
20 reer-ladder employment.

21 “(7) APPLICATIONS.—To be eligible to receive a
22 grant under this subsection, an eligible entity shall
23 submit an application to the Secretary at such time,
24 in such manner, and containing such information as
25 the Secretary may require, including—

1 “(A) a description of the activities the eli-
2 gible entity will provide to eligible youth under
3 this subsection;

4 “(B) a description of the programs of dem-
5 onstrated effectiveness on which the provision
6 of the activities under subparagraph (A) are
7 based, and a description of how such activities
8 will expand the base of knowledge relating to
9 the provision of activities for youth;

10 “(C) a description of the private and pub-
11 lic, and local and State resources that will be le-
12 veraged to provide the activities described under
13 subparagraph (A) in addition the funds pro-
14 vided under this subsection; and

15 “(D) the levels of performance the eligible
16 entity expects to achieve with respect to the in-
17 dicators of performance for youth specified in
18 section 136(b)(2)(A)(ii).

19 “(8) FACTORS FOR AWARD.—In awarding
20 grants under this subsection the Secretary may con-
21 sider the quality of the proposed project, the goals
22 to be achieved, the likelihood of successful implemen-
23 tation, the extent to which the project is based on
24 proven strategies or the extent to which the project
25 will expand the knowledge base on activities for

1 youth, and the additional State, local or private re-
2 sources that will be provided.

3 “(9) EVALUATION.—The Secretary may reserve
4 up to 5 percent of the funds described in sub-
5 section(a)(1) to provide technical assistance to, and
6 conduct evaluations of the projects funded under
7 this subsection (using appropriate techniques as de-
8 scribed in section 172(c)).

9 “(c) DISCRETIONARY GRANTS FOR YOUTH ACTIVI-
10 TIES.—

11 “(1) IN GENERAL.—From the funds described
12 in subsection(a)(2), the Secretary may award grants
13 to eligible entities to provide activities that will as-
14 sist youth in preparing for, and entering and retain-
15 ing, employment.

16 “(2) ELIGIBLE ENTITIES.—Grants under this
17 subsection may be awarded to public or private enti-
18 ties that the Secretary determines would effectively
19 carry out activities relating to youth under this sub-
20 section.

21 “(3) PARTICIPANT ELIGIBILITY.—Youth ages
22 14 through 19 at the time the eligibility determina-
23 tion is made may be eligible to participate in activi-
24 ties under this subsection.

1 “(4) USE OF FUNDS.—Funds provided under
2 this subsection may be used for activities that will
3 assist youth in preparing for, and entering and re-
4 taining, employment, including the activities de-
5 scribed in section 129 for out-of-school youth, activi-
6 ties designed to assist in-school youth to stay in
7 school and gain work experience, and such other ac-
8 tivities that the Secretary determines are appro-
9 priate.

10 “(5) APPLICATIONS.—To be eligible to receive a
11 grant under this subsection, an eligible entity shall
12 submit an application to the Secretary at such time,
13 in such manner, and containing such information as
14 the Secretary may require.

15 “(6) ADDITIONAL REQUIREMENTS.—The Sec-
16 retary may require the provision of a non-Federal
17 share for projects funded under this subsection and
18 may require participation of grantees in evaluations
19 of such projects, including evaluations using the
20 techniques as described in section 172(e).”.

21 **SEC. 118. TECHNICAL ASSISTANCE.**

22 Section 170 (29 U.S.C. 2915) is amended—

23 (1) by striking subsection (b);

24 (2) by striking “(a) GENERAL TECHNICAL AS-
25 SISTANCE.—”;

1 (3) by redesignating paragraphs (1), (2), and
2 (3) as subsections (a), (b), and (c) respectively, and
3 moving such subsections 2 ems to the left; and

4 (4) in subsection (a) (as redesignated by para-
5 graph (3))—

6 (A) by inserting “the training of staff pro-
7 viding rapid response services, the training of
8 other staff of recipients of funds under this
9 title, peer review activities under this title,”
10 after “localities,”; and

11 (B) by striking “from carrying out activi-
12 ties” and all that follows up to the period and
13 inserting “to implement the amendments made
14 by the Workforce Reinvestment and Adult Edu-
15 cation of 2003”.

16 **SEC. 119. DEMONSTRATION, PILOT, MULTISERVICE, RE-**
17 **SEARCH AND MULTISTATE PROJECTS.**

18 (a) DEMONSTRATION AND PILOT PROJECTS.—Sec-
19 tion 171(b) (29 U.S.C. 2916(b)) is amended—

20 (1) in paragraph (1)—

21 (A) by striking “Under a” and inserting
22 “Consistent with the priorities specified in the”;

23 (B) by amending subparagraphs (A)
24 through (D) to read as follows:

1 “(A) projects that assist national employ-
2 ers in connecting with the workforce investment
3 system established under this title in order to
4 facilitate the recruitment and employment of
5 needed workers and to provide information to
6 such system on skills and occupations in de-
7 mand;

8 “(B) projects that promote the develop-
9 ment of systems that will improve the effective-
10 ness and efficiency of programs carried out
11 under this title;

12 “(C) projects that focus on opportunities
13 for employment in industries and sectors of in-
14 dustries that are experiencing or are likely to
15 experience high rates of growth;

16 “(D) projects carried out by States and
17 local areas to test innovative approaches to de-
18 livering employment-related services;”;

19 (C) by striking subparagraph (E);

20 (D) by redesignating subparagraph (F) as
21 subparagraph (E);

22 (E) by redesignating subparagraph (G) as
23 subparagraph (F) and inserting:

24 “(G) projects that provide retention grants
25 to qualified job training programs upon place-

1 ment or retention of a low-income individual
2 trained by that program in employment with a
3 single employer for a period of 1 year, provided
4 that such employment is providing to the low-
5 income individual an income not less than twice
6 the poverty line for that individual.”; and

7 (F) by striking subparagraph (H); and

8 (2) in paragraph (2)—

9 (A) by striking subparagraph (B); and

10 (B) by redesignating subparagraph (C) as
11 subparagraph (B).

12 (b) MULTISERVICE PROJECTS.—Section
13 171(c)(2)(B) (29 U.S.C. 2916(c)(2)(B)) is amended to
14 read as follows:

15 “(B) NET IMPACT STUDIES AND RE-
16 PORTS.—The Secretary shall conduct studies to
17 determine the net impacts of programs, serv-
18 ices, and activities carried out under this title.
19 The Secretary shall prepare and disseminate to
20 the public reports containing the results of such
21 studies.”.

22 (c) WAIVER AUTHORITY TO CARRY OUT DEM-
23 ONSTRATIONS AND EVALUATIONS.—Section 171 (29
24 U.S.C. 2918(d)) is further amended by striking subsection
25 (d).

1 **SEC. 120. EVALUATIONS.**

2 (a) IN GENERAL.—Section 173 (29 U.S.C. 2916) is
3 amended—

4 (1) by amending the heading to read as follows:
5 “NATIONAL DISLOCATED WORKER
6 GRANTS”; and

7 (2) in subsection (a)—

8 (A) by striking “national emergency
9 grants” and inserting “national dislocated
10 worker grants”; and

11 (B) in paragraph (1), by striking “sub-
12 section (c)” and inserting “subsection (b)”.

13 (b) ADMINISTRATION.—Section 173 (29 U.S.C.
14 2918) is further amended—

15 (1) by striking subsection (b) and redesignating
16 subsections (c) and (d) as subsections (b) and (c),
17 respectively; and

18 (2) by striking subsection (e) and redesignating
19 subsections (f) and (g) as subsection (d) and (e), re-
20 spectively.

21 (c) ELIGIBLE ENTITIES.—Section 173(b)(1)(B) (29
22 U.S.C.2918(b)(1)(B)) (as redesignated by subsection (b)
23 of this section) is amended by striking “, and other enti-
24 ties” and all that follows through the period.

1 (d) CONFORMING AMENDMENT.—The table of con-
2 tents in section 1(b) is amended by amending the item
3 related to section 173 to read as follows:

“Sec. 173. National dislocated worker grants.”.

4 **SEC. 121. AUTHORIZATION OF APPROPRIATIONS FOR NA-**
5 **TIONAL ACTIVITIES.**

6 (a) IN GENERAL.—Section 174(a)(1) (29 U.S.C.
7 2919(a)(1)) is amended by striking “1999 through 2003”
8 and inserting “2004 through 2009”.

9 (b) RESERVATIONS.—Section 174(b) is amended to
10 read as follows:

11 “(b) TECHNICAL ASSISTANCE; DEMONSTRATION AND
12 PILOT PROJECTS; EVALUATIONS; INCENTIVE GRANTS.—
13 There are authorized to be appropriated to carry out sec-
14 tions 170 through 172 and section 136 such sums as may
15 be necessary for each of fiscal years 2004 through 2009.”.

16 **SEC. 122. REQUIREMENTS AND RESTRICTIONS.**

17 (a) IN GENERAL.—Section 181(c)(2)(A) (29 U.S.C.
18 2931(c)(2)(A)) is amended by striking “shall” and insert-
19 ing “may”.

20 (b) LIMITATIONS.—Section 181(e) is amended by
21 striking the first sentence.

22 **SEC. 123. NONDISCRIMINATION.**

23 Section 188(a)(2) (29 U.S.C. 2931(a)(2)) is
24 amended—

1 (1) by striking “EMPLOYMENT.—No” and in-
2 serting “EMPLOYMENT.—

3 “(A) IN GENERAL.—Except as provided in
4 subparagraph (B), no”; and

5 (2) by adding at the end the following subpara-
6 graph:

7 “(B) EXEMPTION FOR RELIGIOUS ORGANIZA-
8 TIONS.—Subparagraph (A) shall not apply to recipi-
9 ents of financial assistance under this title that is a
10 religious corporation, association, educational insti-
11 tution, or society, with respect to the employment of
12 individuals of a particular religion to perform work
13 connected with the carrying on by such corporation,
14 association, educational institution, or society of its
15 activities Such recipients shall comply with the other
16 requirements contained in subparagraph (A).”.

17 **SEC. 124. ADMINISTRATIVE PROVISIONS.**

18 (a) PROGRAM YEAR.—Section 189(g)(1) (29 U.S.C.
19 2939(g)(1)) is amended to read as follows:

20 “(1) IN GENERAL.—Appropriations for any fis-
21 cal year for programs and activities carried out
22 under this title shall be available for obligation only
23 on the basis of a program year. The program year
24 shall begin on July 1 in the fiscal year for which the
25 appropriation is made.”.

1 (b) AVAILABILITY.—Section 189(g)(2) (29 U.S.C.
2 2939(g)(2)) is amended by striking “each State” and in-
3 serting “each recipient”.

4 (c) GENERAL WAIVERS.—Section 189(i)(4) (29
5 U.S.C. 2939(i)(4)) is amended—

6 (1) in subparagraph (A), by inserting “, or in
7 accordance with subparagraph (D),” after “subpara-
8 graph (B)”;

9 (2) by adding the following subparagraph:

10 “(D) EXPEDITED PROCESS FOR EXTEND-
11 ING APPROVED WAIVERS TO ADDITIONAL
12 STATES.—In lieu of the requirements of sub-
13 paragraphs (B) and (C), the Secretary may es-
14 tablish an expedited procedure for the purpose
15 of extending to additional States the waiver of
16 statutory or regulatory requirements that have
17 been approved for a State pursuant to a request
18 under subparagraph (B). Such procedure shall
19 ensure that the extension of such waivers to ad-
20 ditional States are accompanied by appropriate
21 conditions relating the implementation of such
22 waivers.”.

23 **SEC. 125. GENERAL PROGRAM REQUIREMENTS.**

24 Section 195 (29 U.S.C. 2945) is amended by adding
25 at the end the following new paragraph:

1 “(14) Funds provided under this title shall not
 2 be used to establish or operate stand-alone fee-for-
 3 service enterprises that compete with private sector
 4 employment agencies within the meaning of section
 5 701(c) of the Civil Rights Act of 1964 (42 U.S.C.
 6 2000e(c)). For purposes of this paragraph, such an
 7 enterprise does not include one-stop centers.”.

8 **TITLE II—ADULT EDUCATION**

9 **PART A—ADULT BASIC SKILLS AND FAMILY**

10 **LITERACY EDUCATION**

11 **SEC. 201. TABLE OF CONTENTS.**

12 The table of contents in section 1(b) is amended by
 13 amending the items relating to title II to read as follows:

“TITLE II—ADULT BASIC SKILLS AND FAMILY LITERACY EDUCATION

 “Sec. 201. Short title.
 “Sec. 202. Purpose.
 “Sec. 203. Definitions.
 “Sec. 204. Home schools.
 “Sec. 205. Authorization of appropriations.

“CHAPTER 1—FEDERAL PROVISIONS

 “Sec. 211. Reservation of funds; grants to eligible agencies; allotments.
 “Sec. 212. Performance accountability system.
 “Sec. 213. Incentive grants for states.

“CHAPTER 2—STATE PROVISIONS

 “Sec. 221. State administration.
 “Sec. 222. State distribution of funds; matching requirement.
 “Sec. 223. State leadership activities.
 “Sec. 224. State plan.
 “Sec. 225. Programs for corrections education and other institutionalized indi-
 viduals.

“CHAPTER 3—LOCAL PROVISIONS

 “Sec. 231. Grants and contracts for eligible providers.
 “Sec. 232. Local application.

“Sec. 233. Local administrative cost limits.

“CHAPTER 4—GENERAL PROVISIONS

“Sec. 241. Administrative provisions.

“Sec. 242. National leadership activities.”.

1 **SEC. 202. AMENDMENT.**

2 Title II is amended to read as follows:

3 **“TITLE II—ADULT BASIC SKILLS**
4 **AND FAMILY LITERACY EDU-**
5 **CATION**

6 **“SEC. 201. SHORT TITLE.**

7 “This title may be cited as the ‘Adult Basic Skills
8 and Family Literacy Education Act’.

9 **“SEC. 202. PURPOSE.**

10 “It is the purpose of this title to provide instructional
11 opportunities for adults seeking to improve their basic
12 reading, writing, speaking, and math skills, and support
13 States and local communities in providing, on a voluntary
14 basis, adult basic skills and family literacy programs, in
15 order to—

16 “(1) increase the basic reading, writing, speak-
17 ing, and math skills necessary for adults to obtain
18 employment and self-sufficiency and to successfully
19 advance in the workforce;

20 “(2) assist adults in the completion of a sec-
21 ondary school education (or its equivalent) and the
22 transition to a postsecondary educational institution;

1 “(3) increase the basic reading, writing, speak-
2 ing, and math skills of parents to enable them to
3 support the educational development of their chil-
4 dren and make informed choices regarding their
5 children’s education; and

6 “(4) assist immigrants who are not proficient in
7 English in improving their reading, writing, speak-
8 ing, and math skills and acquiring an understanding
9 of the American free enterprise system, individual
10 freedom, and the responsibilities of citizenship.

11 **“SEC. 203. DEFINITIONS.**

12 “In this title:

13 “(1) ADULT BASIC SKILLS AND FAMILY LIT-
14 ERACY EDUCATION PROGRAMS.—The term ‘adult
15 basic skills and family literacy education programs’
16 means a sequence of academic instruction and edu-
17 cational services below the postsecondary level that
18 increase an individual’s ability to read, write, and
19 speak in English and perform mathematical com-
20 putations leading to a level of proficiency equivalent
21 to secondary school completion that is provided for
22 individuals—

23 “(A) who are at least 16 years of age;

1 “(B) who are not enrolled or required to be
2 enrolled in secondary school under State law;
3 and

4 “(C) who—

5 “(i) lack sufficient mastery of basic
6 reading, writing, speaking, and math skills
7 to enable the individuals to function effec-
8 tively in society;

9 “(ii) do not have a secondary school
10 diploma or the General Equivalency Di-
11 ploma (GED) (including recognized alter-
12 native standards for individuals with dis-
13 abilities), and have not achieved an equiva-
14 lent level of education; or

15 “(iii) are unable to read, write, or
16 speak the English language.

17 “(2) ELIGIBLE AGENCY.—The term ‘eligible
18 agency’—

19 “(A) means the sole entity or agency in a
20 State or an outlying area responsible for admin-
21 istering or supervising policy for adult basic
22 skills and family literacy education programs in
23 the State or outlying area, respectively, con-
24 sistent with the law of the State or outlying
25 area, respectively; and

1 “(B) may be the State educational agency,
2 the State agency responsible for administering
3 workforce investment activities, or the State
4 agency responsible for administering community
5 or technical colleges.

6 “(3) ELIGIBLE PROVIDER.—The term ‘eligible
7 provider’ means—

8 “(A) a local educational agency;

9 “(B) a community-based or faith-based or-
10 ganization of demonstrated effectiveness;

11 “(C) a volunteer literacy organization of
12 demonstrated effectiveness;

13 “(D) an institution of higher education;

14 “(E) a public or private educational agen-
15 cy;

16 “(F) a library;

17 “(G) a public housing authority;

18 “(H) an institution that is not described in
19 any of subparagraphs (A) through (G) and has
20 the ability to provide adult basic skills and fam-
21 ily literacy education programs to adults and
22 families; or

23 “(I) a consortium of the agencies, organi-
24 zations, institutions, libraries, or authorities de-

1 scribed in any of subparagraphs (A) through
2 (H).

3 “(4) ENGLISH LANGUAGE ACQUISITION PRO-
4 GRAM.—The term ‘English language acquisition pro-
5 gram’ means a program of instruction designed to
6 help individuals with limited English proficiency
7 achieve competence in reading, writing, and speaking
8 the English language.

9 “(5) ESSENTIAL COMPONENTS OF READING IN-
10 STRUCTION.—The term ‘essential components of
11 reading instruction’ has the meaning given to that
12 term in section 1208 of the Elementary and Sec-
13 ondary Education Act of 1965 (20 U.S.C. 6368).

14 “(6) FAMILY LITERACY EDUCATION PRO-
15 GRAMS.—The term ‘family literacy education pro-
16 grams’ means educational programs that—

17 “(A) assist parents and students, on a vol-
18 untary basis, in achieving the purposes of this
19 title as described in section 202; and

20 “(B) are of sufficient intensity in terms of
21 hours and of sufficient duration to make sus-
22 tainable changes in a family, are based upon
23 scientific research-based principles, and for the
24 purpose of substantially increasing the ability of

1 parents and children to read, write, and speak
2 English integrate—

3 “(i) interactive literacy activities be-
4 tween parents and their children;

5 “(ii) training for parents regarding
6 how to be the primary teacher for their
7 children and full partners in the education
8 of their children;

9 “(iii) parent literacy training that
10 leads to economic self-sufficiency; and

11 “(iv) an age-appropriate education to
12 prepare children for success in school and
13 life experiences.

14 “(7) GOVERNOR.—The term ‘Governor’ means
15 the chief executive officer of a State or outlying
16 area.

17 “(8) INDIVIDUAL WITH A DISABILITY.—

18 “(A) IN GENERAL.—The term ‘individual
19 with a disability’ means an individual with any
20 disability (as defined in section 3 of the Ameri-
21 cans with Disabilities Act of 1990 (42 U.S.C.
22 12102)).

23 “(B) INDIVIDUALS WITH DISABILITIES.—
24 The term ‘individuals with disabilities’ means
25 more than one individual with a disability.

1 “(9) INDIVIDUAL WITH LIMITED ENGLISH PRO-
2 FICIENCY.—The term ‘individual with limited
3 English proficiency’ means an adult or out-of-school
4 youth who has limited ability in reading, writing,
5 speaking, or understanding the English language,
6 and—

7 “(A) whose native language is a language
8 other than English; or

9 “(B) who lives in a family or community
10 environment where a language other than
11 English is the dominant language.

12 “(10) INSTITUTION OF HIGHER EDUCATION.—
13 The term ‘institution of higher education’ has the
14 meaning given to that term in section 101 of the
15 Higher Education Act of 1965 (20 U.S.C. 1001).

16 “(11) LITERACY.—The term ‘literacy’ means
17 the ability to read, write, and speak the English lan-
18 guage with competence, knowledge, and comprehen-
19 sion.

20 “(12) LOCAL EDUCATIONAL AGENCY.—The
21 term ‘local educational agency’ has the meaning
22 given to that term in section 9101 of the Elemen-
23 tary and Secondary Education Act of 1965 (20
24 U.S.C. 7801).

1 “(13) OUTLYING AREA.—The term ‘outlying
2 area’ has the meaning given to that term in section
3 101 of this Act.

4 “(14) POSTSECONDARY EDUCATIONAL INSTITU-
5 TION.—The term ‘postsecondary educational institu-
6 tion’ means—

7 “(A) an institution of higher education
8 that provides not less than a 2-year program of
9 instruction that is acceptable for credit toward
10 a bachelor’s degree;

11 “(B) a tribally controlled community col-
12 lege; or

13 “(C) a nonprofit educational institution of-
14 fering certificate or apprenticeship programs at
15 the postsecondary level.

16 “(15) READING.—The term ‘reading’ has the
17 meaning given to that term in section 1208 of the
18 Elementary and Secondary Education Act of 1965
19 (20 U.S.C. 6368).

20 “(16) SCIENTIFICALLY BASED READING RE-
21 SEARCH.—The term ‘scientifically based reading re-
22 search’ has the meaning given to that term in sec-
23 tion 1208 of the Elementary and Secondary Edu-
24 cation Act of 1965 (20 U.S.C. 6368).

1 “(17) SECRETARY.—The term ‘Secretary’
2 means the Secretary of Education.

3 “(18) STATE.—The term ‘State’ means each of
4 the several States of the United States, the District
5 of Columbia, and the Commonwealth of Puerto Rico.

6 “(19) STATE EDUCATIONAL AGENCY.—The
7 term ‘State educational agency’ has the meaning
8 given to that term in section 9101 of the Elemen-
9 tary and Secondary Education Act of 1965 (20
10 U.S.C. 7801).

11 “(20) WORKPLACE LITERACY PROGRAM.—The
12 term ‘workplace literacy program’ means an edu-
13 cational program that is offered in collaboration be-
14 tween eligible providers and employers or employee
15 organizations for the purpose of improving the pro-
16 ductivity of the workforce through the improvement
17 of reading, writing, speaking, and math skills.

18 **“SEC. 204. HOME SCHOOLS.**

19 “Nothing in this title shall be construed to affect
20 home schools, whether or not a home school is treated as
21 a home school or a private school under State law, or to
22 compel a parent engaged in home schooling to participate
23 in an English language acquisition program, a family lit-
24 eracy education program, or an adult basic skills and fam-
25 ily literacy education program.

1 **“SEC. 205. AUTHORIZATION OF APPROPRIATIONS.**

2 “There are authorized to be appropriated to carry out
3 this title \$584,300,000 for fiscal year 2004 and such sums
4 as may be necessary for fiscal years 2005 through 2009.

5 **“CHAPTER 1—FEDERAL PROVISIONS**

6 **“SEC. 211. RESERVATION OF FUNDS; GRANTS TO ELIGIBLE**
7 **AGENCIES; ALLOTMENTS.**

8 “(a) RESERVATION OF FUNDS.—From the sums ap-
9 propriated under section 205 for a fiscal year, the
10 Secretary—

11 “(1) shall reserve 1.75 percent to carry out the
12 National Institute for Literacy Establishment Act;

13 “(2) shall reserve up to 1.72 percent for incen-
14 tive grants under section 213; and

15 “(3) shall reserve up to 1.55 percent to carry
16 out section 242.

17 “(b) GRANTS TO ELIGIBLE AGENCIES.—

18 “(1) IN GENERAL.—From the sums appro-
19 priated under section 205 and not reserved under
20 subsection (a) for a fiscal year, the Secretary shall
21 award a grant to each eligible agency having a State
22 plan approved under section 224 in an amount equal
23 to the sum of the initial allotment under subsection
24 (c)(1) and the additional allotment under subsection
25 (c)(2) for the eligible agency for the fiscal year, sub-
26 ject to subsections (f) and (g).

1 “(2) PURPOSE OF GRANTS.—The Secretary
2 may award a grant under paragraph (1) only if the
3 eligible agency involved agrees to expend the grant
4 in accordance with the provisions of this title.

5 “(c) ALLOTMENTS.—

6 “(1) INITIAL ALLOTMENTS.—From the sums
7 appropriated under section 205 and not reserved
8 under subsection (a) for a fiscal year, the Secretary
9 shall allot to each eligible agency having a State
10 plan approved under section 224—

11 “(A) \$100,000, in the case of an eligible
12 agency serving an outlying area; and

13 “(B) \$250,000, in the case of any other el-
14 igible agency.

15 “(2) ADDITIONAL ALLOTMENTS.—From the
16 sums appropriated under section 205, not reserved
17 under subsection (a), and not allotted under para-
18 graph (1), for a fiscal year, the Secretary shall allot
19 to each eligible agency that receives an initial allot-
20 ment under paragraph (1) an additional amount
21 that bears the same relationship to such sums as the
22 number of qualifying adults in the State or outlying
23 area served by the eligible agency bears to the num-
24 ber of such adults in all States and outlying areas.

1 “(d) QUALIFYING ADULT.—For the purpose of sub-
2 section (c)(2), the term ‘qualifying adult’ means an adult
3 who—

4 “(1) is at least 16 years of age;

5 “(2) is beyond the age of compulsory school at-
6 tendance under the law of the State or outlying
7 area;

8 “(3) does not have a secondary school diploma
9 or the General Equivalency Diploma (GED) (includ-
10 ing recognized alternative standards for individuals
11 with disabilities); and

12 “(4) is not enrolled in secondary school.

13 “(e) SPECIAL RULE.—

14 “(1) IN GENERAL.—From amounts made avail-
15 able under subsection (c) for the Republic of the
16 Marshall Islands, the Federated States of Micro-
17 nesia, and the Republic of Palau, the Secretary shall
18 award grants to Guam, American Samoa, the Com-
19 monwealth of the Northern Mariana Islands, the Re-
20 public of the Marshall Islands, the Federated States
21 of Micronesia, or the Republic of Palau to carry out
22 activities described in this title in accordance with
23 the provisions of this title as determined by the Sec-
24 retary.

1 “(2) TERMINATION OF ELIGIBILITY.—Notwith-
2 standing any other provision of law, the Republic of
3 the Marshall Islands, the Federated States of Micro-
4 nesia, and the Republic of Palau shall be eligible to
5 receive a grant under this title until an agreement
6 for the extension of United States education assist-
7 ance under the Compact of Free Association for
8 each of the Freely Associated States becomes effec-
9 tive.

10 “(3) ADMINISTRATIVE COSTS.—The Secretary
11 may provide not more than 5 percent of the funds
12 made available for grants under this subsection to
13 pay the administrative costs of the Pacific Region
14 Educational Laboratory regarding activities assisted
15 under this subsection.

16 “(f) HOLD-HARMLESS PROVISIONS.—

17 “(1) IN GENERAL.—Notwithstanding subsection
18 (c), and subject to paragraphs (2) and (3), for fiscal
19 year 2004 and each succeeding fiscal year, no eligi-
20 ble agency shall receive an allotment under this title
21 that is less than 90 percent of the allotment the eli-
22 gible agency received for the preceding fiscal year
23 under this title.

24 “(2) EXCEPTION.—An eligible agency that re-
25 ceives for the preceding fiscal year only an initial al-

1 lotment under subsection 211(c)(1) (and no addi-
2 tional allotment under 211(c)(2)) shall receive an al-
3 lotment equal to 100 percent of the initial allotment.

4 “(3) Ratable Reduction.—If for any fiscal
5 year the amount available for allotment under this
6 title is insufficient to satisfy the provisions of para-
7 graph (1), the Secretary shall ratably reduce the
8 payments to all eligible agencies, as necessary.

9 “(g) Reallocation.—The portion of any eligible
10 agency’s allotment under this title for a fiscal year that
11 the Secretary determines will not be required for the pe-
12 riod such allotment is available for carrying out activities
13 under this title, shall be available for reallocation from
14 time to time, on such dates during such period as the Sec-
15 retary shall fix, to other eligible agencies in proportion to
16 the original allotments to such agencies under this title
17 for such year.

18 **“SEC. 212. PERFORMANCE ACCOUNTABILITY SYSTEM.**

19 “(a) Purpose.—The purpose of this section is to es-
20 tablish a comprehensive performance accountability sys-
21 tem, composed of the activities described in this section,
22 to assess the effectiveness of eligible agencies in achieving
23 continuous improvement of adult basic skills and family
24 literacy education programs funded under this title, in
25 order to optimize the return on investment of Federal

1 funds in adult basic skills and family literacy education
2 programs.

3 “(b) ELIGIBLE AGENCY PERFORMANCE MEAS-
4 URES.—

5 “(1) IN GENERAL.—For each eligible agency,
6 the eligible agency performance measures shall con-
7 sist of—

8 “(A)(i) the core indicators of performance
9 described in paragraph (2)(A); and

10 “(ii) employment performance indicators
11 identified by the eligible agency under para-
12 graph (2)(B); and

13 “(B) an eligible agency adjusted level of
14 performance for each indicator described in
15 subparagraph (A).

16 “(2) INDICATORS OF PERFORMANCE.—

17 “(A) CORE INDICATORS OF PERFORM-
18 ANCE.—The core indicators of performance
19 shall include the following:

20 “(i) Measurable improvements in
21 basic skill levels in reading, writing, and
22 speaking the English language and math,
23 and English language acquisition leading
24 to proficiency in each skill.

1 “(ii) Receipt of a secondary school di-
2 ploma or the General Equivalency Diploma
3 (GED) (including recognized alternative
4 standards for individuals with disabilities).

5 “(iii) Placement in postsecondary edu-
6 cation or other training programs.

7 “(B) EMPLOYMENT PERFORMANCE INDI-
8 CATORS.—Consistent with applicable Federal
9 and State privacy laws, an eligible agency shall
10 identify in the State plan the following indi-
11 vidual participant employment performance
12 indicators—

13 “(i) entry into employment;

14 “(ii) retention in employment; and

15 “(iii) increase in earnings.

16 “(3) LEVELS OF PERFORMANCE.—

17 “(A) ELIGIBLE AGENCY ADJUSTED LEVELS
18 OF PERFORMANCE FOR CORE INDICATORS.—

19 “(i) IN GENERAL.—For each eligible
20 agency submitting a State plan, there shall
21 be established, in accordance with this sub-
22 paragraph, levels of performance for each
23 of the core indicators of performance de-
24 scribed in paragraph (2)(A) for adult basic
25 skills and family literacy education pro-

grams authorized under this title. The levels of performance established under this subparagraph shall, at a minimum—

“(I) be expressed in an objective, quantifiable, and measurable form; and

“(II) show the progress of the eligible agency toward continuously and significantly improving the agency’s performance outcomes in an objective, quantifiable, and measurable form.

“(ii) IDENTIFICATION IN STATE PLAN.—Each eligible agency shall identify, in the State plan submitted under section 224, expected levels of performance for each of the core indicators of performance for the first 3 program years covered by the State plan.

“(iii) AGREEMENT ON ELIGIBLE AGENCY ADJUSTED LEVELS OF PERFORMANCE FOR FIRST 3 YEARS.—In order to ensure an optimal return on the investment of Federal funds in adult basic skills and family literacy education programs authorized under this title, the Secretary and

1 each eligible agency shall reach agreement
2 on levels of student proficiency for each of
3 the core indicators of performance, for the
4 first 3 program years covered by the State
5 plan, taking into account the levels identi-
6 fied in the State plan under clause (ii) and
7 the factors described in clause (iv). The
8 levels agreed to under this clause shall be
9 considered to be the eligible agency ad-
10 justed levels of performance for the eligible
11 agency for such years and shall be incor-
12 porated into the State plan prior to the ap-
13 proval of such plan.

14 “(iv) FACTORS.—The agreement de-
15 scribed in clause (iii) or (v) shall take into
16 account—

17 “(I) how the levels involved com-
18 pare with the eligible agency’s ad-
19 justed levels of performance, taking
20 into account factors including the
21 characteristics of participants when
22 the participants entered the program;
23 and

24 “(II) the extent to which such
25 levels promote continuous and signifi-

1 cant improvement in performance on
2 the student proficiency measures used
3 by such eligible agency and ensure op-
4 timal return on the investment of
5 Federal funds.

6 “(v) AGREEMENT ON ELIGIBLE AGEN-
7 CY ADJUSTED LEVELS OF PERFORMANCE
8 FOR SECOND 3 YEARS.—Prior to the fourth
9 program year covered by the State plan,
10 the Secretary and each eligible agency
11 shall reach agreement on levels of student
12 proficiency for each of the core indicators
13 of performance for the fourth, fifth, and
14 sixth program years covered by the State
15 plan, taking into account the factors de-
16 scribed in clause (iv). The levels agreed to
17 under this clause shall be considered to be
18 the eligible agency adjusted levels of per-
19 formance for the eligible agency for such
20 years and shall be incorporated into the
21 State plan.

22 “(vi) REVISIONS.—If unanticipated
23 circumstances arise in a State resulting in
24 a significant change in the factors de-
25 scribed in clause (iv)(I), the eligible agency

1 may request that the eligible agency ad-
2 justed levels of performance agreed to
3 under clause (iii) or (v) be revised.

4 “(B) LEVELS OF EMPLOYMENT PERFORM-
5 ANCE.—The eligible agency shall identify, in the
6 State plan, eligible agency levels of performance
7 for each of the employment performance indica-
8 tors described in paragraph (2)(B). Such levels
9 shall be considered to be eligible agency ad-
10 justed levels of performance for purposes of this
11 title.

12 “(c) REPORT.—

13 “(1) IN GENERAL.—Each eligible agency that
14 receives a grant under section 211(b) shall annually
15 prepare and submit to the Secretary, the Governor,
16 the State legislature, eligible providers, and the gen-
17 eral public within the State, a report on the progress
18 of the eligible agency in achieving eligible agency
19 performance measures, including the following:

20 “(A) Information on the levels of perform-
21 ance achieved by the eligible agency with re-
22 spect to the core indicators of performance and
23 employment performance indicators.

1 “(B) The number and type of each eligible
2 provider that receives funding under such
3 grant.

4 “(2) INFORMATION DISSEMINATION.—The
5 Secretary—

6 “(A) shall make the information contained
7 in such reports available to the general public
8 through publication and other appropriate
9 methods;

10 “(B) shall disseminate State-by-State com-
11 parisons of the information; and

12 “(C) shall provide the appropriate commit-
13 tees of the Congress with copies of such re-
14 ports.

15 **“SEC. 213. INCENTIVE GRANTS FOR STATES.**

16 “(a) IN GENERAL.—From funds appropriated under
17 section 211(a)(2), the Secretary may award grants to
18 States for exemplary performance in carrying out pro-
19 grams under this title. Such awards shall be based on
20 States meeting or exceeding the core indicators of per-
21 formance established under section 212(b)(2)(A) and may
22 be based on the performance of the State in serving popu-
23 lations, such as those described in section 224(b)(10), in-
24 cluding the levels of service provided and the performance
25 outcomes, and such other factors relating to the perform-

1 ance of the State under this title as the Secretary deter-
2 mines appropriate.

3 “(b) USE OF FUNDS.—The funds awarded to a State
4 under this paragraph may be used to carry out any activi-
5 ties authorized under this title, including demonstrations
6 and innovative programs for hard-to-serve populations.

7 **“CHAPTER 2—STATE PROVISIONS**

8 **“SEC. 221. STATE ADMINISTRATION.**

9 “Each eligible agency shall be responsible for the fol-
10 lowing activities under this title:

11 “(1) The development, submission, implementa-
12 tion, and monitoring of the State plan.

13 “(2) Consultation with other appropriate agen-
14 cies, groups, and individuals that are involved in, or
15 interested in, the development and implementation
16 of activities assisted under this title.

17 “(3) Coordination and avoidance of duplication
18 with other Federal and State education, training,
19 corrections, public housing, and social service pro-
20 grams.

21 **“SEC. 222. STATE DISTRIBUTION OF FUNDS; MATCHING RE-**
22 **QUIREMENT.**

23 “(a) STATE DISTRIBUTION OF FUNDS.—Each eligi-
24 ble agency receiving a grant under this title for a fiscal
25 year—

1 “(1) shall use an amount not less than 82.5
2 percent of the grant funds to award grants and con-
3 tracts under section 231 and to carry out section
4 225, of which not more than 10 percent of such
5 amount shall be available to carry out section 225;

6 “(2) shall use not more than 12.5 percent of
7 the grant funds to carry out State leadership activi-
8 ties under section 223; and

9 “(3) shall use not more than 5 percent of the
10 grant funds, or \$75,000, whichever is greater, for
11 the administrative expenses of the eligible agency.

12 “(b) MATCHING REQUIREMENT.—

13 “(1) IN GENERAL.—In order to receive a grant
14 from the Secretary under section 211(b), each eligi-
15 ble agency shall provide, for the costs to be incurred
16 by the eligible agency in carrying out the adult basic
17 skills and family literacy education programs for
18 which the grant is awarded, a non-Federal contribu-
19 tion in an amount at least equal to—

20 “(A) in the case of an eligible agency serv-
21 ing an outlying area, 12 percent of the total
22 amount of funds expended for adult basic skills
23 and family literacy education programs in the
24 outlying area, except that the Secretary may

1 decrease the amount of funds required under
2 this subparagraph for an eligible agency; and

3 “(B) in the case of an eligible agency serv-
4 ing a State, 25 percent of the total amount of
5 funds expended for adult basic skills and family
6 literacy education programs in the State.

7 “(2) NON-FEDERAL CONTRIBUTION.—An eligi-
8 ble agency’s non-Federal contribution required under
9 paragraph (1) may be provided in cash or in kind,
10 fairly evaluated, and shall include only non-Federal
11 funds that are used for adult basic skills and family
12 literacy education programs in a manner that is con-
13 sistent with the purpose of this title.

14 **“SEC. 223. STATE LEADERSHIP ACTIVITIES.**

15 “(a) IN GENERAL.—Each eligible agency may use
16 funds made available under section 222(a)(2) for any of
17 the following adult basic skills and family literacy edu-
18 cation programs:

19 “(1) The establishment or operation of profes-
20 sional development programs to improve the quality
21 of instruction provided pursuant to local activities
22 required under section 231(b), including instruction
23 incorporating the essential components of reading
24 instruction and instruction provided by volunteers or
25 by personnel of a State or outlying area.

1 “(2) The provision of technical assistance to eli-
2 gible providers of adult basic skills and family lit-
3 eracy education programs for development and dis-
4 semination of scientific research-based instructional
5 practices in reading, writing, speaking, math, and
6 English language acquisition programs.

7 “(3) The provision of assistance to eligible pro-
8 viders in developing, implementing, and reporting
9 measurable progress in achieving the objectives of
10 this title.

11 “(4) The provision of technology assistance, in-
12 cluding staff training, to eligible providers of adult
13 basic skills and family literacy education programs,
14 including distance learning activities, to enable the
15 eligible providers to improve the quality of such ac-
16 tivities.

17 “(5) The development and implementation of
18 technology applications or distance learning, includ-
19 ing professional development to support the use of
20 instructional technology.

21 “(6) Coordination with other public programs,
22 including welfare-to-work, workforce development,
23 and job training programs.

24 “(7) Coordination with existing support serv-
25 ices, such as transportation, child care, and other

1 assistance designed to increase rates of enrollment
2 in, and successful completion of, adult basic skills
3 and family literacy education programs, for adults
4 enrolled in such activities.

5 “(8) The development and implementation of a
6 system to assist in the transition from adult basic
7 education to postsecondary education.

8 “(9) Activities to promote workplace literacy
9 programs.

10 “(10) Activities to promote and complement
11 local outreach initiatives described in section 242(7).

12 “(11) Other activities of statewide significance,
13 including assisting eligible agencies in achieving
14 progress in improving the skill levels of adults who
15 participate in programs under this title.

16 “(b) COORDINATION.—In carrying out this section,
17 eligible agencies shall coordinate where possible, and avoid
18 duplicating efforts, in order to maximize the impact of the
19 activities described in subsection (a).

20 “(c) STATE-IMPOSED REQUIREMENTS.—Whenever a
21 State or outlying area implements any rule or policy relat-
22 ing to the administration or operation of a program au-
23 thorized under this title that has the effect of imposing
24 a requirement that is not imposed under Federal law (in-
25 cluding any rule or policy based on a State or outlying

1 area interpretation of a Federal statute, regulation, or
2 guideline), the State or outlying area shall identify, to eli-
3 gible providers, the rule or policy as being imposed by the
4 State or outlying area.

5 **“SEC. 224. STATE PLAN.**

6 “(a) 6-YEAR PLANS.—

7 “(1) IN GENERAL.—Each eligible agency desir-
8 ing a grant under this title for any fiscal year shall
9 submit to, or have on file with, the Secretary a 6-
10 year State plan.

11 “(2) COMPREHENSIVE PLAN OR APPLICA-
12 TION.—The eligible agency may submit the State
13 plan as part of a comprehensive plan or application
14 for Federal education assistance.

15 “(b) PLAN CONTENTS.—The eligible agency shall in-
16 clude in the State plan or any revisions to the State plan—

17 “(1) an objective assessment of the needs of in-
18 dividuals in the State or outlying area for adult
19 basic skills and family literacy education programs,
20 including individuals most in need or hardest to
21 serve;

22 “(2) a description of the adult basic skills and
23 family literacy education programs that will be car-
24 ried out with funds received under this title;

1 “(3) a description of how the eligible agency
2 will evaluate and measure annually the effectiveness
3 and improvement of the adult basic skills and family
4 literacy education programs based on the perform-
5 ance measures described in section 212 including—

6 “(A) how the eligible agency will evaluate
7 and measure annually such effectiveness on a
8 grant-by-grant basis; and

9 “(B) how the eligible agency—

10 “(i) will hold eligible providers ac-
11 countable regarding the progress of such
12 providers in improving the academic
13 achievement of participants in adult edu-
14 cation programs under this title and re-
15 garding the core indicators of performance
16 described in section 212(b)(2)(A); and

17 “(ii) will use technical assistance,
18 sanctions, and rewards (including alloca-
19 tion of grant funds based on performance
20 and termination of grant funds based on
21 nonperformance);

22 “(4) a description of the performance measures
23 described in section 212 and how such performance
24 measures have significantly improved adult basic

1 skills and family literacy education programs in the
2 State or outlying area;

3 “(5) an assurance that the eligible agency will,
4 in addition to meeting all of the other requirements
5 of this title, award not less than one grant under
6 this title to an eligible provider that—

7 “(A) offers flexible schedules and necessary
8 support services (such as child care and trans-
9 portation) to enable individuals, including indi-
10 viduals with disabilities, or individuals with
11 other special needs, to participate in adult basic
12 skills and family literacy education programs;
13 and

14 “(B) attempts to coordinate with support
15 services that are not provided under this title
16 prior to using funds for adult basic skills and
17 family literacy education programs provided
18 under this title for support services;

19 “(6) an assurance that the funds received under
20 this title will not be expended for any purpose other
21 than for activities under this title;

22 “(7) a description of how the eligible agency
23 will fund local activities in accordance with the
24 measurable goals described in section 231(d);

1 “(8) an assurance that the eligible agency will
2 expend the funds under this title only in a manner
3 consistent with fiscal requirements in section 241;

4 “(9) a description of the process that will be
5 used for public participation and comment with re-
6 spect to the State plan, which process—

7 “(A) shall include consultation with the
8 State workforce investment board, the State
9 board responsible for administering community
10 or technical colleges, the Governor, the State
11 educational agency, the State board or agency
12 responsible for administering block grants for
13 temporary assistance to needy families under
14 title IV of the Social Security Act, the State
15 council on disabilities, the State vocational re-
16 habilitation agency, other State agencies that
17 promote the improvement of adult basic skills
18 and family literacy education programs, and di-
19 rect providers of such programs; and

20 “(B) may include consultation with the
21 State agency on higher education, institutions
22 responsible for professional development of
23 adult basic skills and family literacy education
24 programs instructors, representatives of busi-

1 ness and industry, refugee assistance programs,
2 and faith-based organizations;

3 “(10) a description of the eligible agency’s
4 strategies for serving populations that include, at a
5 minimum—

6 “(A) low-income individuals;

7 “(B) individuals with disabilities;

8 “(C) the unemployed;

9 “(D) the underemployed; and

10 “(E) individuals with multiple barriers to
11 educational enhancement, including individuals
12 with limited English proficiency;

13 “(11) a description of how the adult basic skills
14 and family literacy education programs that will be
15 carried out with any funds received under this title
16 will be integrated with other adult education, career
17 development, and employment and training activities
18 in the State or outlying area served by the eligible
19 agency;

20 “(12) a description of the steps the eligible
21 agency will take to ensure direct and equitable ac-
22 cess, as required in section 231(c)(1), including—

23 “(A) how the State will build the capacity
24 of community-based and faith-based organiza-

1 tions to provide adult basic skills and family lit-
2 eracy education programs; and

3 “(B) how the State will increase the par-
4 ticipation of business and industry in adult
5 basic skills and family literacy education pro-
6 grams; and

7 “(13) a description of how the eligible agency
8 will consult with any State agency responsible for
9 postsecondary education to develop adult education
10 that prepares students to enter postsecondary edu-
11 cation without the need for remediation upon com-
12 pletion of secondary school equivalency programs.

13 “(c) PLAN REVISIONS.—When changes in conditions
14 or other factors require substantial revisions to an ap-
15 proved State plan, the eligible agency shall submit the re-
16 visions of the State plan to the Secretary.

17 “(d) CONSULTATION.—The eligible agency shall—

18 “(1) submit the State plan, and any revisions to
19 the State plan, to the Governor, the chief State
20 school officer, or the State officer responsible for ad-
21 ministering community or technical colleges, or out-
22 lying area for review and comment; and

23 “(2) ensure that any comments regarding the
24 State plan by the Governor, the chief State school
25 officer, or the State officer responsible for admin-

1 istering community or technical colleges, and any re-
2 vision to the State plan, are submitted to the Sec-
3 retary.

4 “(e) PLAN APPROVAL.—A State plan submitted to
5 the Secretary shall be approved by the Secretary only if
6 the plan is consistent with the specific provisions of this
7 title.

8 **“SEC. 225. PROGRAMS FOR CORRECTIONS EDUCATION AND**
9 **OTHER INSTITUTIONALIZED INDIVIDUALS.**

10 “(a) PROGRAM AUTHORIZED.—From funds made
11 available under section 222(a)(1) for a fiscal year, each
12 eligible agency shall carry out corrections education and
13 education for other institutionalized individuals.

14 “(b) USES OF FUNDS.—The funds described in sub-
15 section (a) shall be used for the cost of educational pro-
16 grams for criminal offenders in correctional institutions
17 and for other institutionalized individuals, including aca-
18 demic programs for—

19 “(1) basic skills education;

20 “(2) special education programs as determined
21 by the eligible agency;

22 “(3) reading, writing, speaking, and math pro-
23 grams; and

24 “(4) secondary school credit or diploma pro-
25 grams or their recognized equivalent.

1 “(c) PRIORITY.—Each eligible agency that is using
2 assistance provided under this section to carry out a pro-
3 gram for criminal offenders within a correctional institu-
4 tion shall give priority to serving individuals who are likely
5 to leave the correctional institution within 5 years of par-
6 ticipation in the program.

7 “(d) DEFINITION OF CRIMINAL OFFENDER.—For
8 purposes of this section:

9 “(1) CORRECTIONAL INSTITUTION.—The term
10 ‘correctional institution’ means any—

11 “(A) prison;

12 “(B) jail;

13 “(C) reformatory;

14 “(D) work farm;

15 “(E) detention center; or

16 “(F) halfway house, community-based re-
17 habilitation center, or any other similar institu-
18 tion designed for the confinement or rehabilita-
19 tion of criminal offenders.

20 “(2) CRIMINAL OFFENDER.—The term ‘crimi-
21 nal offender’ means any individual who is charged
22 with, or convicted of, any criminal offense.

1 **“CHAPTER 3—LOCAL PROVISIONS**

2 **“SEC. 231. GRANTS AND CONTRACTS FOR ELIGIBLE PRO-**
3 **VIDERS.**

4 “(a) GRANTS AND CONTRACTS.—From grant funds
5 made available under section 211(b), each eligible agency
6 shall award multiyear grants or contracts, on a competi-
7 tive basis, to eligible providers within the State or outlying
8 area that meet the conditions and requirements of this
9 title to enable the eligible providers to develop, implement,
10 and improve adult basic skills and family literacy edu-
11 cation programs within the State.

12 “(b) LOCAL ACTIVITIES.—The eligible agency shall
13 require eligible providers receiving a grant or contract
14 under subsection (a) to establish or operate one or more
15 programs of instruction that provide services or instruc-
16 tion in one or more of the following categories:

17 “(1) Adult basic skills and family literacy edu-
18 cation programs, including essential workplace skills
19 (including proficiency in reading, writing, speaking,
20 and math).

21 “(2) Workplace literacy programs.

22 “(3) English language acquisition programs.

23 “(4) family literacy education programs.

1 “(c) DIRECT AND EQUITABLE ACCESS; SAME PROC-
2 ESS.—Each eligible agency receiving funds under this title
3 shall ensure that—

4 “(1) all eligible providers have direct and equi-
5 table access to apply for grants or contracts under
6 this section; and

7 “(2) the same grant or contract announcement
8 process and application process is used for all eligi-
9 ble providers in the State or outlying area.

10 “(d) MEASURABLE GOALS.—The eligible agency shall
11 require eligible providers receiving a grant or contract
12 under subsection (a) to demonstrate—

13 “(1) the eligible provider’s measurable goals for
14 participant outcomes to be achieved annually on the
15 core indicators of performance and employment per-
16 formance indicators described in section 212(b)(2);

17 “(2) the past effectiveness of the eligible pro-
18 vider in improving the basic academic skills of adults
19 and, for eligible providers receiving grants in the
20 prior year, the success of the eligible provider receiv-
21 ing funding under this title in meeting or exceeding
22 its performance goals in the prior year;

23 “(3) the commitment of the eligible provider to
24 serve individuals in the community who are the most
25 in need of basic academic skills instruction services,

1 including individuals who are low-income or have
2 minimal reading, writing, speaking, and math skills,
3 or limited English proficiency.

4 “(4) whether or not the program—

5 “(A) is of sufficient intensity and duration
6 for participants to achieve substantial learning
7 gains; and

8 “(B) uses instructional practices that in-
9 clude the essential components of reading in-
10 struction;

11 “(5) whether educational practices are based on
12 scientifically based research;

13 “(6) whether the activities of the eligible pro-
14 vider effectively employ advances in technology, as
15 appropriate, including the use of computers;

16 “(7) whether the activities provide instruction
17 in real-life contexts, to ensure that an individual has
18 the skills needed to compete in the workplace and
19 exercise the rights and responsibilities of citizenship;

20 “(8) whether the activities are staffed by well-
21 trained instructors, counselors, and administrators;

22 “(9) whether the activities are coordinated with
23 other available resources in the community, such as
24 through strong links with elementary schools and
25 secondary schools, postsecondary educational institu-

1 tions, one-stop centers, job training programs, com-
2 munity-based and faith-based organizations, and so-
3 cial service agencies;

4 “(10) whether the activities offer flexible sched-
5 ules and support services (such as child care and
6 transportation) that are necessary to enable individ-
7 uals, including individuals with disabilities or other
8 special needs, to attend and complete programs;

9 “(11) whether the activities include a high-qual-
10 ity information management system that has the ca-
11 pacity to report measurable participant outcomes
12 and to monitor program performance against the
13 performance measures established by the eligible
14 agency;

15 “(12) whether the local communities have a
16 demonstrated need for additional English language
17 acquisition programs;

18 “(13) the capacity of the eligible provider to
19 produce valid information on performance results,
20 including enrollments and measurable participant
21 outcomes;

22 “(14) whether adult basic skills and family lit-
23 eracy education programs offer rigorous reading,
24 writing, speaking, and math content that are based
25 on scientific research; and

1 “(15) whether applications of technology, and
2 services to be provided by the eligible providers, is
3 of sufficient intensity and duration to increase the
4 amount and quality of learning and lead to measur-
5 able learning gains within specified time periods.

6 **“SEC. 232. LOCAL APPLICATION.**

7 “Each eligible provider desiring a grant or contract
8 under this title shall submit an application to the eligible
9 agency containing such information and assurances as the
10 eligible agency may require, including—

11 “(1) a description of how funds awarded under
12 this title will be spent consistent with the require-
13 ments of this title;

14 “(2) a description of any cooperative arrange-
15 ments the eligible provider has with other agencies,
16 institutions, or organizations for the delivery of
17 adult basic skills and family literacy education pro-
18 grams; and

19 “(3) each of the demonstrations required by
20 section 231(d).

21 **“SEC. 233. LOCAL ADMINISTRATIVE COST LIMITS.**

22 “(a) IN GENERAL.—Subject to subsection (b), of the
23 amount that is made available under this title to an eligi-
24 ble provider—

1 “(1) at least 95 percent shall be expended for
2 carrying out adult basic skills and family literacy
3 education programs; and

4 “(2) the remaining amount shall be used for
5 planning, administration, personnel and professional
6 development, development of measurable goals in
7 reading, writing, speaking, and math, and inter-
8 agency coordination.

9 “(b) SPECIAL RULE.—In cases where the cost limits
10 described in subsection (a) are too restrictive to allow for
11 adequate planning, administration, personnel develop-
12 ment, and interagency coordination, the eligible provider
13 may negotiate with the eligible agency in order to deter-
14 mine an adequate level of funds to be used for noninstruc-
15 tional purposes.

16 **“CHAPTER 4—GENERAL PROVISIONS**

17 **“SEC. 241. ADMINISTRATIVE PROVISIONS.**

18 “(a) SUPPLEMENT NOT SUPPLANT.—Funds made
19 available for adult basic skills and family literacy edu-
20 cation programs under this title shall supplement and not
21 supplant other State or local public funds expended for
22 adult basic skills and family literacy education programs.

23 “(b) MAINTENANCE OF EFFORT.—

24 “(1) IN GENERAL.—

1 “(A) DETERMINATION.—An eligible agency
2 may receive funds under this title for any fiscal
3 year if the Secretary finds that the fiscal effort
4 per student or the aggregate expenditures of
5 such eligible agency for activities under this
6 title, in the second preceding fiscal year, were
7 not less than 90 percent of the fiscal effort per
8 student or the aggregate expenditures of such
9 eligible agency for adult basic skills and family
10 literacy education programs, in the third pre-
11 ceding fiscal year.

12 “(B) PROPORTIONATE REDUCTION.—Sub-
13 ject to paragraphs (2), (3), and (4), for any fis-
14 cal year with respect to which the Secretary de-
15 termines under subparagraph (A) that the fiscal
16 effort or the aggregate expenditures of an eligi-
17 ble agency for the preceding program year were
18 less than such effort or expenditures for the
19 second preceding program year, the Secretary—

20 “(i) shall determine the percentage
21 decreases in such effort or in such expendi-
22 tures; and

23 “(ii) shall decrease the payment made
24 under this title for such program year to
25 the agency for adult basic skills and family

1 literacy education programs by the lesser
2 of such percentages.

3 “(2) COMPUTATION.—In computing the fiscal
4 effort and aggregate expenditures under paragraph
5 (1), the Secretary shall exclude capital expenditures
6 and special one-time project costs.

7 “(3) DECREASE IN FEDERAL SUPPORT.—If the
8 amount made available for adult basic skills and
9 family literacy education programs under this title
10 for a fiscal year is less than the amount made avail-
11 able for adult basic skills and family literacy edu-
12 cation programs under this title for the preceding
13 fiscal year, then the fiscal effort per student and the
14 aggregate expenditures of an eligible agency required
15 in order to avoid a reduction under paragraph
16 (1)(B) shall be decreased by the same percentage as
17 the percentage decrease in the amount so made
18 available.

19 “(4) WAIVER.—The Secretary may waive the
20 requirements of this subsection for not more than 1
21 fiscal year, if the Secretary determines that a waiver
22 would be equitable due to exceptional or uncontrol-
23 lable circumstances, such as a natural disaster or an
24 unforeseen and precipitous decline in the financial
25 resources of the State or outlying area of the eligible

1 agency. If the Secretary grants a waiver under the
2 preceding sentence for a fiscal year, the level of ef-
3 fort required under paragraph (1) shall not be re-
4 duced in the subsequent fiscal year because of the
5 waiver.

6 **“SEC. 242. NATIONAL LEADERSHIP ACTIVITIES.**

7 “The Secretary shall establish and carry out a pro-
8 gram of national leadership activities that may include the
9 following:

10 “(1) Technical assistance, on request, including
11 assistance—

12 “(A) on requests to volunteer community-
13 and faith-based organizations, including but not
14 limited to, improving their fiscal management,
15 research-based instruction, and reporting re-
16 quirements, and the development of measurable
17 objectives to carry out the requirements of this
18 title;

19 “(B) in developing valid, measurable, and
20 reliable performance data, and using perform-
21 ance information for the improvement of adult
22 basic skills and family literacy education pro-
23 grams;

24 “(C) on adult education professional devel-
25 opment; and

1 “(D) in using distance learning and im-
2 proving the application of technology in the
3 classroom.

4 “(2) Providing for the conduct of research on
5 national literacy basic skill acquisition levels among
6 adults, including the number of adults functioning at
7 different levels of reading proficiency.

8 “(3) Improving the coordination, efficiency, and
9 effectiveness of adult education and workforce devel-
10 opment services at the national, State, and local lev-
11 els.

12 “(4) Determining how participation in adult
13 basic skills and family literacy education programs
14 prepares individuals for entry into and success in
15 postsecondary education and employment, and in the
16 case of prison-based services, the effect on recidi-
17 vism.

18 “(5) Evaluating how different types of pro-
19 viders, including community and faith-based organi-
20 zations or private for-profit agencies measurably im-
21 prove the skills of participants in adult basic skills
22 and family literacy education programs.

23 “(6) Identifying model integrated basic and
24 workplace skills education programs, coordinated lit-

1 eracy and employment services, and effective strate-
2 gies for serving adults with disabilities.

3 “(7) Supporting the development of an entity
4 that would produce and distribute technology-based
5 programs and materials for adult basic skills and
6 family literacy education programs using an inter-
7 communication system, as that term is defined in
8 section 397 of the Communications Act of 1934 (47
9 U.S.C. 397), and expand the effective outreach and
10 use of such programs and materials to adult edu-
11 cation eligible providers.

12 “(8) Initiating other activities designed to im-
13 prove the measurable quality and effectiveness of
14 adult basic skills and family literacy education pro-
15 grams nationwide.”.

16 **PART B—NATIONAL INSTITUTE FOR LITERACY**

17 **SEC. 211. SHORT TITLE; PURPOSE.**

18 (a) SHORT TITLE.—This part may be cited as the
19 “National Institute for Literacy Establishment Act”.

20 (b) PURPOSE.—The purpose of this part is to estab-
21 lish a National Institute for Literacy to provide national
22 leadership in promoting reading research, reading instruc-
23 tion, and professional development in reading based on sci-
24 entifically based research by—

1 (1) disseminating widely information on sci-
2 entifically based reading research to improve aca-
3 demic achievement for children, youth, and adults;

4 (2) identifying and disseminating information
5 about schools, local educational agencies, and State
6 educational agencies that have effectively developed
7 and implemented classroom reading programs that
8 meet the requirements of subpart 1 of part B of title
9 I of the Elementary and Secondary Education Act
10 of 1965 (20 U.S.C. 6361 et seq.), including those
11 State educational agencies, local educational agen-
12 cies, and schools that are identified as effective
13 through the External Evaluation of Reading First
14 under section 1205 of the Elementary and Sec-
15 ondary Education Act of 1965 (20 U.S.C. 6365);

16 (3) serving as a national resource for informa-
17 tion on reading instruction programs that contain
18 the essential components of reading instruction as
19 supported by scientifically based reading research,
20 and that can lead to improved reading outcomes for
21 children, youth, and adults;

22 (4) developing print and electronic materials
23 that describe and model the application of scientif-
24 ically based reading research;

1 (5) providing national and regional reading
2 leadership for State and local personnel for the ap-
3 plication and implementation of scientifically based
4 reading research;

5 (6) coordinating efforts among Federal agen-
6 cies, especially the Department of Labor, the De-
7 partment of Health and Human Services, and the
8 National Institute of Child Health and Human De-
9 velopment, that provide reading programs, conduct
10 research, and provide services to recipients of Fed-
11 eral financial assistance under titles I and III of the
12 Elementary and Secondary Education Act of 1965,
13 the Head Start Act, the Individuals with Disabilities
14 Education Act, and the Adult Basic Skills and Fam-
15 ily Literacy Education Act, and each Bureau funded
16 school (as defined in title XI of the Education
17 Amendments of 1978 (25 U.S.C. 2001 et seq.)); and

18 (7) informing the Congress, Federal depart-
19 ments and agencies, schools of education, and the
20 public of successful local, State, and Federal pro-
21 gram activities in reading instruction that are deter-
22 mined to be effective based on the findings of sci-
23 entifically based reading research.

1 **SEC. 212. ESTABLISHMENT.**

2 (a) IN GENERAL.—There is established within the ex-
3 ecutive branch an independent establishment (as defined
4 in title 104 of title 5, United States Code) to be known
5 as the “National Institute for Literacy”. The Institute
6 shall be administered, in accordance with this part, under
7 the supervision and direction of a Director in consultation
8 with the Board, and subject to all fiscal and ethical re-
9 quirements of an executive branch agency.

10 (b) DIRECTOR.—

11 (1) APPOINTMENT.—The Board (established
12 under section 216 of this part), in consultation with
13 the Secretary of Education, shall appoint a Director
14 of the Institute, who has an understanding of, sup-
15 ports, and is familiar with scientifically based read-
16 ing research, instruction, and professional develop-
17 ment applicable to children, youth, and adults.

18 (2) PAY.—The Director of the Institute shall
19 receive the rate of basic pay for level IV of the Exec-
20 utive Schedule.

21 (3) TERM.—The Director of the Institute shall
22 be appointed for an initial term of 3 years and, if
23 approved by the Board, may serve not more than 1
24 additional term of 3 years.

1 **SEC. 213. ADMINISTRATION.**

2 (a) IN GENERAL.—The Institute shall be adminis-
3 tered by the Director of the Institute in consultation with
4 the Board.

5 (b) AUTHORITY.—Subject to the general policies, de-
6 cisions, findings, and determinations of the Board, the Di-
7 rector of the Institute shall be responsible for admin-
8 istering the Institute. The Director may delegate the pow-
9 ers granted under this paragraph to an officer, employee,
10 or office of the Institute. The Director shall—

11 (1) provide leadership for the Institute, con-
12 sistent with the purposes defined in section 211;

13 (2) appoint and supervise all employees in the
14 Institute, including attorneys, to provide legal aid
15 and service to the Board and the Institute, and to
16 represent the Board and the Institute in any case in
17 court;

18 (3) appoint the heads of offices in the Institute
19 with the approval of the Board;

20 (4) assign responsibility to carry out the duties
21 of the Institute among officers and employees, and
22 offices of the Institute;

23 (5) prepare requests for appropriations for the
24 Institute and submit those requests to the President
25 and the Congress with the prior approval of the
26 Board;

1 (6) oversee the expenditure of all funds allo-
2 cated for the Institute to carry out the purposes
3 under section 211; and

4 (7) confer regularly with the Board on matters
5 of policy, personnel, and progress in carrying out the
6 mission of the Institute.

7 (c) AGENCY DESIGNATION.—For purposes of section
8 552b of title 5, United States Code, the Institute is
9 deemed to be an agency.

10 (d) BUDGET REQUESTS.—In each annual request for
11 appropriations by the President, the Director of the Insti-
12 tute, in consultation with the Board, shall submit a budget
13 to carry out the mission of the Institute including—

14 (1) the amount requested by the Institute in its
15 budgetary presentation to the Office of Management
16 and Budget; and

17 (2) an assessment of the budgetary needs of the
18 Institute.

19 (e) BUDGET TRANSMITTAL TO CONGRESS.—The In-
20 stitute shall transmit to the Congress copies of budget es-
21 timates, requests, and information (including personnel
22 needs), legislative recommendations, prepared testimony
23 for congressional hearings, and comments on legislation.

24 (f) OFFICES.—The Institute shall have offices sepa-
25 rate from the offices of the Department of Education.

1 (g) ADMINISTRATIVE SUPPORT.—

2 (1) IN GENERAL.—The Secretary of Education
3 shall provide administrative support for the Insti-
4 tute, including the administration of grants, con-
5 tracts and cooperative agreements, personnel, legal
6 counsel, and payroll after the Office of Management
7 and Budget has approved the Institute's budget.

8 (2) OTHER DEPARTMENTS AND AGENCIES.—In
9 addition to any support obtained under paragraph
10 (1) from the Secretary of Education, the Institute
11 may obtain administrative support services from
12 other departments and agencies within the executive
13 branch if determined by the Director of the Insti-
14 tute, in consultation with the Board, to be in the
15 best interest of the Institute.

16 **SEC. 214. DUTIES.**

17 (a) IN GENERAL.—In order to provide leadership for
18 the improvement and expansion of the system for delivery
19 of scientifically based reading instructional practices, the
20 Institute shall—

21 (1) establish a national electronic database of
22 effective reading programs for children, youth, and
23 adults that include the essential components of read-
24 ing instruction, and disseminate such information to

1 parents, teachers, State and Federal elected officials,
2 and the public;

3 (2) develop print and electronic materials for
4 professional development that provide applications of
5 scientifically based reading research, and instruc-
6 tional practices in reading for children, youth, and
7 adults;

8 (3) provide, when requested, policy and tech-
9 nical assistance to the Congress, school Boards,
10 Federal agencies, State departments of education,
11 adult education programs, local school districts, local
12 public and private schools, and schools of education,
13 on scientifically based reading instructional practices
14 including diagnostic and assessment instruments
15 and instructional materials;

16 (4) collaborate and support Federal research
17 programs in reading instruction, including, where
18 appropriate, those areas of study addressed by the
19 National Institute of Child Health and Human De-
20 velopment, the Institute for Education Sciences, the
21 National Science Foundation, the Department of
22 Labor, and the National Research Council;

23 (5) coordinate with the Department of Edu-
24 cation, the Department of Labor, the Department of
25 Health and Human Services, and the National Insti-

1 tute of Child Health and Human Development on all
2 programs that include improving reading instruc-
3 tional practices for children, youth, and adults, and
4 teacher training in reading instructional practices;

5 (6) use and support the collection of the best
6 possible information in carrying out this section, and
7 where appropriate, including reviews of research on
8 instruction using the criteria for quality identified by
9 the Institute for Education Sciences; and

10 (7) conduct reviews of research, including ran-
11 domized field trials, on reading programs, and con-
12 duct reviews of Federal reading policies and reading
13 program implementation using a board of visitors as
14 described in subchapter 300 of the National Science
15 Foundation Administrative Manual.

16 (b) GRANTS, CONTRACTS, AND COOPERATIVE
17 AGREEMENTS.—The Institute may award grants to, or
18 enter into contracts or cooperative agreements with, indi-
19 viduals, public or private institutions, agencies, organiza-
20 tions, or other legal entities to carry out the activities of
21 the Institute.

22 (c) RELATION TO OTHER LAWS.—The duties and
23 powers of the Institute under this part are in addition to
24 the duties and powers of the Institute under subparts 1,
25 2, and 3 of part B of the Elementary and Secondary Edu-

1 cation Act of 1965 (20 U.S.C. 1201 et seq.) (commonly
2 referred to as Reading First, Early Reading First, and
3 the William F. Goodling Even Start Family Literacy Pro-
4 grams, respectively).

5 **SEC. 215. LEADERSHIP IN SCIENTIFICALLY BASED READ-**
6 **ING INSTRUCTION.**

7 (a) IN GENERAL.—The Institute, in consultation
8 with the Board, may award fellowships, with such stipends
9 and allowances as the Director of the Institute considers
10 necessary, to outstanding individuals who are pursuing ca-
11 reers in scientifically based research in reading instruction
12 or pre-service or in-service training in reading instruction,
13 including teaching children and adults to read.

14 (b) FELLOWSHIPS.—Fellowships awarded under this
15 subsection shall be used, under the auspices of the Insti-
16 tute, to engage in research, education training, technical
17 assistance, or other activities to advance the field of sci-
18 entifically based reading instruction for children, youth,
19 and adults, including the training of volunteers in such
20 reading skills instruction.

21 (c) INTERNS AND VOLUNTEERS.—The Institute, in
22 consultation with the Board, may award paid and unpaid
23 internships to individuals seeking to assist the Institute
24 in carrying out its mission. Notwithstanding section 1342
25 of title 31, United States Code, the Institute may accept

1 and use voluntary and uncompensated services as the In-
2 stitute deems necessary.

3 **SEC. 216. NATIONAL INSTITUTE FOR LITERACY ADVISORY**
4 **BOARD.**

5 (a) ESTABLISHMENT.—

6 (1) IN GENERAL.—There shall be a National
7 Institute for Literacy Advisory Board, which shall
8 consist of 10 individuals appointed by the President
9 with the advice and consent of the Senate.

10 (2) COMPOSITION.—The Board shall be com-
11 prised of individuals who are not otherwise officers
12 or employees of the Federal Government and who
13 are knowledgeable about scientifically based reading
14 instruction, and the findings of scientifically based
15 reading research. The members of the Board may
16 include—

17 (A) representatives from teacher training
18 institutions where scientifically based reading
19 instruction is a major component of pre-service
20 training;

21 (B) teachers who have been successful in
22 teaching children to read proficiently;

23 (C) members of the business community
24 who have developed successful employee reading
25 instruction programs;

1 (D) volunteer tutors in reading who are
2 using scientifically based reading instruction;

3 (E) reading researchers who have con-
4 ducted scientifically based research; and

5 (F) other qualified individuals knowledge-
6 able about scientifically based reading instruc-
7 tion, including adult education.

8 (b) DUTIES.—The Board shall—

9 (1) work closely with the Director of the Insti-
10 tute to ensure that the purposes of the Institute
11 under section 211 are carried out effectively;

12 (2) approve the annual report to the Congress;

13 (3) provide policy guidance and advice to the
14 Director of the Institute in the administration of the
15 Institute; and

16 (4) appoint the Director of the Institute, in
17 consultation with the Secretary.

18 (c) FEDERAL ADVISORY COMMITTEE ACT.—Except
19 as otherwise provided in this part, the Board established
20 by this section shall be subject to the provisions of the
21 Federal Advisory Committee Act (5 U.S.C. App.).

22 (d) APPOINTMENTS.—

23 (1) IN GENERAL.—Each member of the Board
24 shall be appointed for a term of 3 years, except that
25 the initial terms for members may be 1, 2, or 3

1 years in order to establish a rotation, in which $\frac{1}{3}$
2 of the members are selected each year. Any such
3 member may be appointed for not more than 2 con-
4 secutive terms.

5 (2) VACANCIES.—Any member appointed to fill
6 a vacancy occurring before the expiration of the
7 term for which the member's predecessor was ap-
8 pointed shall be appointed only for the remainder of
9 that term. A member may serve after the expiration
10 of that member's term until a successor has taken
11 office.

12 (e) QUORUM.—A majority of the members of the
13 Board shall constitute a quorum, but a lesser number may
14 hold hearings. Any recommendation of the Board may be
15 passed only by a majority of the Board members present.

16 (f) ELECTION OF OFFICERS.—The Chairperson and
17 Vice Chairperson of the Board shall be elected by the
18 members of the Board. The term of office of the Chair-
19 person and Vice Chairperson shall be 2 years.

20 (g) MEETINGS.—The Board shall meet at the call of
21 the Chairperson, or a majority of the members of the
22 Board, but not less than quarterly.

1 **SEC. 217. GIFTS, BEQUESTS, AND DEVICES.**

2 (a) IN GENERAL.—The Institute may accept, admin-
3 ister, and use gifts or donations of services, money, or
4 property, whether real or personal, tangible or intangible.

5 (b) RULES.—The Board, in consultation with the Di-
6 rector of the Institute, shall establish written rules setting
7 forth the criteria to be used by the Institute in deter-
8 mining whether the acceptance of contributions of serv-
9 ices, money, or property whether real or personal, tangible
10 or intangible, would reflect unfavorably upon the ability
11 of the Institute or any employee to carry out the respon-
12 sibilities of the Institute or employee, or official duties,
13 in a fair and objective manner, or would compromise the
14 integrity or the appearance of the integrity of the Insti-
15 tute's programs or any official involved in those programs.

16 **SEC. 218. MAILS.**

17 The Board and the Institute may use the United
18 States mails in the same manner and under the same con-
19 ditions as other departments and agencies of the United
20 States.

21 **SEC. 219. APPLICABILITY OF CERTAIN CIVIL SERVICE**
22 **LAWS.**

23 The Director of the Institute and the staff of the In-
24 stitute may be appointed without regard to the provisions
25 of title 5, United States Code, governing appointments in
26 the competitive service, and may be paid without regard

1 to the provisions of chapter 51 and subchapter III of chap-
2 ter 53 of that title relating to classification and General
3 Schedule pay rates, except that an individual so appointed
4 may not receive pay in excess of the annual rate of basic
5 pay payable for level IV of the Executive Schedule.

6 **SEC. 220. EXPERTS AND CONSULTANTS.**

7 The Institute may procure temporary and intermit-
8 tent services under section 3109(b) of title 5, United
9 States Code.

10 **SEC. 221. REPORT.**

11 (a) IN GENERAL.—The Institute shall submit a bien-
12 nial report to the Committee on Education and the Work-
13 force of the House of Representatives and the Committee
14 on Labor and Human Resources of the Senate. Each re-
15 port submitted under this section shall include—

16 (1) a comprehensive and detailed description of
17 the Institute's operations, activities, financial condi-
18 tion, and accomplishments in carrying out the pur-
19 poses of the Institute as specified in section 211, for
20 the period covered by the report; and

21 (2) a summary description of how the Institute
22 will advance the purposes of the Institute for the
23 next biennium.

1 (b) FIRST REPORT.—The Institute shall submit a re-
2 port under this section not later than 1 year after the date
3 of enactment of this part.

4 **SEC. 222. DEFINITIONS.**

5 For purposes of this part—

6 (1) the term “Board” means the National Insti-
7 tute for Literacy Advisory Board;

8 (2) the term “Institute” means the National In-
9 stitute for Literacy; and

10 (3) the terms “reading”, “scientifically based
11 reading research”, and “essential components of
12 reading instruction” have the meanings given those
13 terms in section 1208 of part B of title I of the Ele-
14 mentary and Secondary Education Act of 1965 (20
15 U.S.C. 6368).

16 **SEC. 223. AUTHORIZATION OF APPROPRIATIONS.**

17 There are authorized to be appropriated to admin-
18 ister and carry out this part \$6,700,000 for fiscal year
19 2004 and such sums as may be necessary for each of the
20 5 succeeding fiscal years.

21 **SEC. 224. RESERVATION.**

22 From amounts appropriated to the Institute, the Di-
23 rector of the Institute may use not more than 5 percent
24 of such amounts for information dissemination under sec-

tion 1207 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6367).

SEC. 225. AUTHORITY TO PUBLISH.

The Institute, including the Board, may prepare, publish, and present (including through oral presentations) such research-based information and research reports as needed to carry out the purposes and mission of the Institute.

**TITLE III—AMENDMENTS TO
THE WAGNER-PEYSER ACT**

SEC. 301. AMENDMENTS TO THE WAGNER-PEYSER ACT.

The Wagner-Peyser Act (29 U.S.C. 49 et. seq.) is amended—

(1) by striking sections 1 through 13;

(2) in section 14 by inserting “of Labor” after “Secretary”; and

(3) by amending section 15 to read as follows:

**“SEC. 15. WORKFORCE AND LABOR MARKET INFORMATION
SYSTEM.**

“(a) SYSTEM CONTENT.—

“(1) IN GENERAL.—The Secretary of Labor, in accordance with the provisions of this section, shall oversee the development, maintenance, and continuous improvement of a nationwide workforce and labor market information system that includes—

1 “(A) statistical data from cooperative sta-
2 tistical survey and projection programs and
3 data from administrative reporting systems
4 that, taken together, enumerate, estimate, and
5 project employment opportunities and condi-
6 tions at national, State, and local levels in a
7 timely manner, including statistics on—

8 “(i) employment and unemployment
9 status of national, State, and local popu-
10 lations, including self-employed, part-time,
11 and seasonal workers;

12 “(ii) industrial distribution of occupa-
13 tions, as well as current and projected em-
14 ployment opportunities, wages, benefits
15 (where data is available), and skill trends
16 by occupation and industry, with particular
17 attention paid to State and local condi-
18 tions;

19 “(iii) the incidence of, industrial and
20 geographical location of, and number of
21 workers displaced by, permanent layoffs
22 and plant closings; and

23 “(iv) employment and earnings infor-
24 mation maintained in a longitudinal man-

1 ner to be used for research and program
2 evaluation;

3 “(B) information on State and local em-
4 ployment opportunities, and other appropriate
5 statistical data related to labor market dynam-
6 ics, which—

7 “(i) shall be current and comprehen-
8 sive;

9 “(ii) shall meet the needs identified
10 through the consultations described in sub-
11 paragraphs (A) and (B) of subsection
12 (e)(2); and

13 “(iii) shall meet the needs for the in-
14 formation identified in section 134(d);

15 “(C) technical standards (which the Sec-
16 retary shall publish annually) for data and in-
17 formation described in subparagraphs (A) and
18 (B) that, at a minimum, meet the criteria of
19 chapter 35 of title 44, United States Code;

20 “(D) procedures to ensure compatibility
21 and additivity of the data and information de-
22 scribed in subparagraphs (A) and (B) from na-
23 tional, State, and local levels;

24 “(E) procedures to support standardization
25 and aggregation of data from administrative re-

1 porting systems described in subparagraph (A)
2 of employment-related programs;

3 “(F) analysis of data and information de-
4 scribed in subparagraphs (A) and (B) for uses
5 such as—

6 “(i) national, State, and local policy-
7 making;

8 “(ii) implementation of Federal poli-
9 cies (including allocation formulas);

10 “(iii) program planning and evalua-
11 tion; and

12 “(iv) researching labor market dynam-
13 ics;

14 “(G) wide dissemination of such data, in-
15 formation, and analysis in a user-friendly man-
16 ner and voluntary technical standards for dis-
17 semination mechanisms; and

18 “(H) programs of—

19 “(i) training for effective data dis-
20 semination;

21 “(ii) research and demonstration; and

22 “(iii) programs and technical assist-
23 ance.

24 “(2) INFORMATION TO BE CONFIDENTIAL.—

1 “(A) IN GENERAL.—No officer or em-
2 ployee of the Federal Government or agent of
3 the Federal Government may—

4 “(i) use any submission that is fur-
5 nished for exclusively statistical purposes
6 under the provisions of this section for any
7 purpose other than the statistical purposes
8 for which the submission is furnished;

9 “(ii) make any publication or media
10 transmittal of the data contained in the
11 submission described in clause (i) that per-
12 mits information concerning individual
13 subjects to be reasonably inferred by either
14 direct or indirect means; or

15 “(iii) permit anyone other than a
16 sworn officer, employee, or agent of any
17 Federal department or agency, or a con-
18 tractor (including an employee of a con-
19 tractor) of such department or agency, to
20 examine an individual submission described
21 in clause (i);

22 without the consent of the individual, agency, or
23 other person who is the subject of the submis-
24 sion or provides that submission.

1 “(B) IMMUNITY FROM LEGAL PROCESS.—

2 Any submission (including any data derived
3 from the submission) that is collected and re-
4 tained by a Federal department or agency, or
5 an officer, employee, agent, or contractor of
6 such a department or agency, for exclusively
7 statistical purposes under this section shall be
8 immune from the legal process and shall not,
9 without the consent of the individual, agency, or
10 other person who is the subject of the submis-
11 sion or provides that submission, be admitted
12 as evidence or used for any purpose in any ac-
13 tion, suit, or other judicial or administrative
14 proceeding.

15 “(C) RULE OF CONSTRUCTION.—Nothing
16 in this section shall be construed to provide im-
17 munity from the legal process for such submis-
18 sion (including any data derived from the sub-
19 mission) if the submission is in the possession
20 of any person, agency, or entity other than the
21 Federal Government or an officer, employee,
22 agent, or contractor of the Federal Government,
23 or if the submission is independently collected,
24 retained, or produced for purposes other than
25 the purposes of this Act.

1 “(b) SYSTEM RESPONSIBILITIES.—

2 “(1) IN GENERAL.—The workforce and labor
3 market information system described in subsection
4 (a) shall be planned, administered, overseen, and
5 evaluated through a cooperative governance struc-
6 ture involving the Federal Government and States.

7 “(2) DUTIES.—The Secretary, with respect to
8 data collection, analysis, and dissemination of labor
9 employment statistics for the system, shall carry out
10 the following duties:

11 “(A) Assign responsibilities within the De-
12 partment of Labor for elements of the work-
13 force and labor market information system de-
14 scribed in subsection (a) to ensure that all sta-
15 tistical and administrative data collected is con-
16 sistent with appropriate Bureau of Labor Sta-
17 tistics standards and definitions.

18 “(B) Actively seek the cooperation of other
19 Federal agencies to establish and maintain
20 mechanisms for ensuring complementarity and
21 nonduplication in the development and oper-
22 ation of statistical and administrative data col-
23 lection activities.

1 “(C) Eliminate gaps and duplication in
2 statistical undertakings, with the systemization
3 of wage surveys as an early priority.

4 “(D) In collaboration with the Bureau of
5 Labor Statistics and States, develop and main-
6 tain the elements of the workforce and labor
7 market information system described in sub-
8 section (a), including the development of con-
9 sistent procedures and definitions for use by the
10 States in collecting the data and information
11 described in subparagraphs (A) and (B) of sub-
12 section (a)(1).

13 “(E) Establish procedures for the system
14 to ensure that—

15 “(i) such data and information are
16 timely;

17 “(ii) paperwork and reporting for the
18 system are reduced to a minimum; and

19 “(iii) States and localities are fully in-
20 volved in the development and continuous
21 improvement of the system at all levels, in-
22 cluding ensuring the provision, to such
23 States and localities, of budget information
24 necessary for carrying out their respon-
25 sibilities under subsection (e).

1 “(c) NATIONAL ELECTRONIC TOOLS TO PROVIDE
2 SERVICES.—The Secretary is authorized to assist in the
3 development of national electronic tools that may be used
4 to facilitate the delivery of core services described in sec-
5 tion 134 and to provide workforce information to individ-
6 uals through the one-stop delivery systems described in sec-
7 tion 121 and through other appropriate delivery systems.

8 “(d) COORDINATION WITH THE STATES.—

9 “(1) IN GENERAL.—The Secretary, working
10 through the Bureau of Labor Statistics and the Em-
11 ployment and Training Administration, shall regu-
12 larly consult with representatives of State agencies
13 carrying out workforce information activities regard-
14 ing strategies for improving the workforce and labor
15 market information system.

16 “(2) FORMAL CONSULTATIONS.—At least twice
17 each year, the Secretary, working through the Bu-
18 reau of Labor Statistics, shall conduct formal con-
19 sultations regarding programs carried out by the
20 Bureau of Labor Statistics with representatives of
21 each of the 10 Federal regions of the Department of
22 Labor, elected from the State directors affiliated
23 with State agencies that perform the duties de-
24 scribed in subsection (e)(2).

25 “(e) STATE RESPONSIBILITIES.—

1 “(1) DESIGNATION OF STATE AGENCY.—In
2 order to receive Federal financial assistance under
3 this section, the Governor of a State shall—

4 “(A) designate a single State agency to be
5 responsible for the management of the portions
6 of the workforce and labor market information
7 system described in subsection (a) that com-
8 prise a statewide workforce and labor market
9 information system and for the State’s partici-
10 pation in the development of the annual plan;
11 and

12 “(B) establish a process for the oversight
13 of such system.

14 “(2) DUTIES.—In order to receive Federal fi-
15 nancial assistance under this section, the State agen-
16 cy shall—

17 “(A) consult with State and local employ-
18 ers, participants, and local workforce invest-
19 ment boards about the labor market relevance
20 of the data to be collected and disseminated
21 through the statewide workforce and labor mar-
22 ket information system;

23 “(B) consult with State educational agen-
24 cies and local educational agencies concerning
25 the provision of employment statistics in order

1 to meet the needs of secondary school and post-
2 secondary school students who seek such infor-
3 mation;

4 “(C) collect and disseminate for the sys-
5 tem, on behalf of the State and localities in the
6 State, the information and data described in
7 subparagraphs (A) and (B) of subsection
8 (a)(1);

9 “(D) maintain and continuously improve
10 the statewide workforce and labor market infor-
11 mation system in accordance with this section;

12 “(E) perform contract and grant respon-
13 sibilities for data collection, analysis, and dis-
14 semination for such system;

15 “(F) conduct such other data collection,
16 analysis, and dissemination activities as will en-
17 sure an effective statewide workforce and labor
18 market information system;

19 “(G) actively seek the participation of
20 other State and local agencies in data collec-
21 tion, analysis, and dissemination activities in
22 order to ensure complementarity, compatibility,
23 and usefulness of data;

24 “(H) participate in the development of the
25 annual plan described in subsection (c); and

1 “(I) utilize the quarterly records described
2 in section 136(f)(2) of the Workforce Invest-
3 ment Act of 1998 to assist the State and other
4 States in measuring State progress on State
5 performance measures.

6 “(3) RULE OF CONSTRUCTION.—Nothing in
7 this section shall be construed as limiting the ability
8 of a State agency to conduct additional data collec-
9 tion, analysis, and dissemination activities with
10 State funds or with Federal funds from sources
11 other than this section.

12 “(f) NONDUPLICATION REQUIREMENT.—None of the
13 functions and activities carried out pursuant to this sec-
14 tion shall duplicate the functions and activities carried out
15 under the Carl D. Perkins Vocational and Applied Tech-
16 nology Education Act (20 U.S.C. 2301 et seq.).

17 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
18 are authorized to be appropriated to carry out this section
19 such sums as may be necessary for each of the fiscal years
20 2004 through 2009.

21 “(h) DEFINITION.—In this section, the term ‘local
22 area’ means the smallest geographical area for which data
23 can be produced with statistical reliability.”.

1 **TITLE IV—AMENDMENTS TO THE**
2 **REHABILITATION ACT OF 1973**

3 **SEC. 401. CHAIRPERSON.**

4 Section 705(b)(5) of the Rehabilitation Act of 1973
5 (29 U.S.C. 796d(b)(5)) is amended to read as follows:

6 “(5) CHAIRPERSON.—The Council shall select a
7 chairperson from among the voting membership of
8 the Council.”.

9 **SEC. 402. REHABILITATION SERVICES ADMINISTRATION.**

10 Section 3(a) of the Rehabilitation Act of 1973 (29
11 U.S.C. 702(a)) is amended—

12 (1) by striking “Office of the Secretary” and
13 inserting “Department of Education”;

14 (2) by striking “President of the United States
15 by and with the advice and consent of the Senate”
16 and inserting “Secretary, except that the current
17 Commissioner appointed under the authority existing
18 on the day prior to the date of enactment of this Act
19 may continue to serve in the former capacity,”; and

20 (3) by striking “, and the Commissioner shall
21 be the principal officer,”.

22 **SEC. 403. DIRECTOR.**

23 The Rehabilitation Act of 1973 (29 U.S.C. 701 et
24 seq.) is amended by striking “Commissioner” each place
25 it appears and inserting “Director”.

1 **SEC. 404. STATE GOALS.**

2 Section 101(a) of the Rehabilitation Act of 1973 (29
3 U.S.C. 721(a)) is amended—

4 (1) in paragraph (11)(D)(i) by inserting “,
5 which may be provided using alternative means of
6 meeting participation (such as video conferences and
7 conference calls),” before the semicolon; and

8 (2) in paragraph (15)—

9 (A) in subparagraph (A), by redesignating
10 clauses (ii) and (iii) as clauses (iii) and (iv), re-
11 spectively, and inserting the following new
12 clause:

13 “(ii) include an assessment of the
14 transition services provided under this Act,
15 and coordinated with transition services
16 under the Individuals with Disabilities
17 Education Act, as to those services meet-
18 ing the needs of individuals with disabil-
19 ities.”; and

20 (B) by amending subparagraph (D)(i) to
21 read as follows:

22 “(i) the methods to be used to expand
23 and improve the services to individuals
24 with disabilities including—

25 “(I) how a broad range of assist-
26 ive technology services and assistive

1 technology devices will be provided to
2 such individuals at each stage of the
3 rehabilitative process and how such
4 services and devices will be provided
5 to such individuals on a statewide
6 basis; and

7 “(II) how transition services will
8 be better coordinated with those serv-
9 ices under the Individuals with Dis-
10 abilities Education Act in order to im-
11 prove transition services for individ-
12 uals with disabilities served under this
13 Act;”.

14 **SEC. 405. AUTHORIZATIONS OF APPROPRIATIONS.**

15 The Rehabilitation Act of 1973 is further amended—

16 (1) in section 100(b)(1) by striking “fiscal
17 years 1999 through 2003” and inserting “fiscal
18 years 2004 through 2009”;

19 (2) in section 100(d)(1)(B) by striking “fiscal
20 year 2003” and inserting “fiscal year 2009”;

21 (3) in section 110(c) by amending paragraph
22 (2) to read as follows:

23 “(2) The sum referred to in paragraph (1) shall
24 be, as determined by the Secretary, not less than 1
25 percent and not more than 1.5 percent of the

1 amount referred to in paragraph (1) for each of fis-
2 cal years 2003 through 2009.”;

3 (4) in section 112(h) by striking “fiscal years
4 1999 through 2003” and inserting “fiscal years
5 2004 through 2009”;

6 (5) in section 201 by striking “fiscal years
7 1999 through 2003” and inserting “fiscal years
8 2004 through 2009” each place it appears;

9 (6) in section 302(i) by striking “fiscal years
10 1999 through 2003” and inserting “fiscal years
11 2004 through 2009”;

12 (7) in section 303(e) by striking “fiscal years
13 1999 through 2003” and inserting “fiscal years
14 2004 through 2009”;

15 (8) in section 304(b) by striking “fiscal years
16 1999 through 2003” and inserting “fiscal years
17 2004 through 2009”;

18 (9) in section 305(b) by striking “fiscal years
19 1999 through 2003” and insert “fiscal years 2004
20 through 2009”;

21 (10) in section 405 by striking “fiscal years
22 1999 through 2003” and inserting “fiscal years
23 2004 through 2009”;

1 (11) in section 502(j) by striking “fiscal years
2 1999 through 2003” and inserting “fiscal years
3 2004 through 2009”;

4 (12) in section 509(l) by striking “fiscal years
5 1999 through 2003” and inserting “fiscal years
6 2004 through 2009”;

7 (13) in section 612 by striking “fiscal years
8 1999 through 2003” and inserting “fiscal years
9 2004 through 2009”;

10 (14) in section 628 by striking “fiscal years
11 1999 through 2003” and inserting “fiscal years
12 2004 through 2009”;

13 (15) in section 714 by striking “fiscal years
14 1999 through 2003” and inserting “fiscal years
15 2004 through 2009”;

16 (16) in section 727 by striking “fiscal years
17 1999 through 2003” and inserting “fiscal years
18 2004 through 2009”; and

19 (17) in section 753 by striking “fiscal years
20 1999 through 2003” and inserting “fiscal years
21 2004 through 2009”.

22 **SEC. 406. HELEN KELLER NATIONAL CENTER ACT.**

23 (a) GENERAL AUTHORIZATION OF APPROPRIA-
24 TIONS.—The first sentence of section 205(a) of the Helen
25 Keller National Center Act (29 U.S.C. 1904(a)) is amend-

1 ed by striking "1999 through 2003" and inserting "2004
2 through 2009".

3 (b) HELEN KELLER NATIONAL CENTER FEDERAL
4 ENDOWMENT FUND.—The first sentence of section
5 208(h) of such Act (29 U.S.C. 1907(h)) is amended by
6 striking "1999 through 2003" and inserting "2004
7 through 2009".

8 **TITLE V—TRANSITION AND**
9 **EFFECTIVE DATE**

10 **SEC. 501. TRANSITION PROVISIONS.**

11 The Secretary of Labor shall take such actions as the
12 Secretary determines to be appropriate to provide for the
13 orderly implementation of this Act.

14 **SEC. 502. EFFECTIVE DATE.**

15 Except as otherwise provided in this Act, this Act and
16 the amendments made by this Act, shall take effect on
17 the date of enactment of this Act.